

State of Arkansas

***Year-end Closing Package
For User and Reporting Agencies***

Fiscal Year Ended: June 30, 2005

Business Area Name

Business Area Number

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE

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STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE

GENERAL INSTRUCTIONS

FISCAL YEAR ENDED: JUNE 30, 2005

The 2005 Fiscal Year-end Closing Package facilitates the collection, transmission and compilation of financial information from the various State of Arkansas (the "State") departments, agencies, and entities (the "agencies") to the Department of Finance and Administration (DFA) which will permit the preparation of the State's Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles (GAAP).

Timely completion and submission of the 2005 Fiscal Year-end Closing Package is essential to allow for the analysis and compilation of data, resolution of questions, preparation of the financial statements, and subsequent audit and publication of the CAFR in a timely manner.

AGENCY RESPONSIBILITIES

The various State agencies are each responsible for safeguarding assets in its charge, the execution of only properly authorized transactions, and the maintenance of the necessary financial information to document the discharge of its responsibilities. Therefore, the primary responsibility for the collection, maintenance, recording, and transmission of information to permit DFA to prepare GAAP financial statements lies with each agency.

It is imperative that agencies also maintain 1) an adequate internal control structure to reduce the risk that errors or irregularities may occur and not be corrected timely in the normal course of agency staff business, and 2) an audit trail so that the independent auditor can readily trace financial information transmitted to DFA or recorded in AASIS to the original source transaction information. Each agency should tailor the year-end process to its own circumstances and document those processes for future training or audit.

2005 FISCAL YEAR-END CLOSING PACKAGE ORGANIZATION

The 2005 Fiscal Year-end Closing Package is organized into sections addressing account balances, notes to the financial statements, and representation required by the auditors. Some of these sections will not apply to every agency. Within each section there is a discussion of the purpose of the section and procedures on completing the closing entries and forms.

The last section is the representation letter and is applicable to all agencies, institutions, and departments. This representation letter must be prepared on agency letterhead and signed by the **chief executive officer** and **chief accounting officer** of each agency and submitted with the 2005 Fiscal Year-end Closing Package.

- * For those sections not applicable to your agency, check "not applicable" (N/A) on the information form and return to DFA with your 2005 Fiscal Year-end Closing Package.
- * All forms must be returned either completed or marked N/A and signed by the agency director or his/her designee.

Questions should be directed to your agency's DFA CAFR liaison.

THE DEADLINE FOR COMPLETION OF THIS CLOSING PACKAGE IS 7/31/05

Please email the completed 2005 Fiscal Year-end Closing Package to
Marnie Davidson
marnie.davidson@dfa.state.ar.us

SUBMIT A TRIAL BALANCE, SUPPORTING DOCUMENTATION,
AND REPRESENTATION LETTER TO
DFA Accounting Office
1515 W. 7th Street, Suite 605
Little Rock, AR 72201

By U.S. Mail:
P.O. Box 3278
Little Rock, AR 72203

By Messenger Service / Courier:
1515 W. 7th
1515 Building Room 605

Here is the current list of DFA CAFR liaisons:

John Bata	683-4634	john.bata@dfa.state.ar.us
Bill Dull	683-4631	bill.dull@dfa.state.ar.us
Debbie Harper	683-4630	debbie.harper@dfa.state.ar.us
Linda Hensley	683-4635	linda.hensley@dfa.state.ar.us
Gary Prince	683-0397	gary.prince@dfa.state.ar.us
Sheila Watts	683-1173	sheila.watts@dfa.state.ar.us
Marcella Winzerling	683-0396	marcella.winzerling@dfa.state.ar.us

One thing to always remember throughout this closing package - accrual entries should never affect appropriation. Be sure to always use non-budget relevant general ledger accounts. The accrued revenue and expense accounts outlined in this document are non-budget relevant.

Closing Entry Instructions:

Most closing entries should be made using AASIS transaction FBS1 Enter Accrual/Deferral Doc. **Every entry made using this transaction will reverse on July 1.**

- 1 Enter document date as 06/30/2005
- 2 Enter posting date as 06/30/2005
- 3 Enter document type ZC
- 4 Enter period 13 or 15, depending on the nature of the entry. Instructions are contained with each section of the Year-end Closing Book.
- 5 Enter a short reference, such as "closing entry"
- 6 Enter reversal reason 05
- 7 Enter reversal date 07/01/2005
- 8 When entering journal entry information, **it is imperative that a complete description of what is being recorded be noted**

Certain entries would not require the use of FBS1 such as most of the debt related entries outlined in the Long-term Debt Journal Entries sections.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)
TIME LINE
FISCAL YEAR ENDED JUNE 30, 2005**

Deadline:

June 25, 2005

Agencies provide all Post Cap Forms to DFA-OA-CAFR that need to be completed by June 30, 2005.

Agency personnel settle all construction related WBS elements that are not expected to have anymore GR's. Agencies settle all completed AUC's to final assets.

June 30, 2005

Agency personnel settle all remaining construction-related WBS elements.

Agency personnel settle completed construction-in-progress finished since 6/25 to proper fixed asset categories.

All agencies must have leave balances (compensated absences) updated in the AASIS HR module.

DFA-OA-CAFR Section will extract compensated absences information from AASIS.

GRIR balances must be cleaned up by agencies.

July 8, 2005

DFA-OA-CAFR Section will obtain accrued interest calculation from Treasury.

July 12, 2005

AASIS will provide DFA-OA-CAFR Section with payroll information to calculate payroll accruals.

All June FY2005 cash activity must be entered in AASIS and reconciled to the June 30, 2005 bank statements. Agencies which have bank accounts with a statement cut-off date other than June 30, 2005, must have all June cash activity entered in AASIS and reconciled to the June 30, 2005 bank balance ten days after the statement date.

July 15, 2005

Agencies with their own HR systems (do not use AASIS for leave balances) must calculate and record their compensated absences. If instructions are needed, contact DFA-OA-CAFR Section. These agencies must submit supporting documentation for the leave balances to DFA-OA-CAFR Section.

DFA-OA-CAFR Section will e-mail final compensated absences information to agencies that use AASIS for leave balances with instruction on how to record the compensated absences entries.

DFA-OA-CAFR Section will email accrued interest on Treasury trust CD's to agencies with instructions on how to record.

Each agency must have provided all due to/due from information (fund, general

ledger account and amount) to the reciprocal agency.

July 20, 2005

Service Bureau agencies must provide Closing Package to DFA-OA-CAFR.

July 21, 2005

Agencies must have submitted all reconciliations of cash activity to DFA-OA-Treasury Reconciliation unit.

July 22, 2005

DFA-OA-CAFR Section will e-mail payroll accrual information to the agencies with instructions on how to record.

Agencies with their own HR systems (do not use AASIS for payroll) must calculate and record their accrued payroll. If instructions are needed, contact DFA-OA-CAFR Section. These agencies must submit supporting documentation for the accrued payroll balances to DFA-OA-CAFR Section.

July 25, 2005

DFA-OA-CAFR Section will run ZSIC report for sick leave.

July 30, 2005

Agencies (excluding service bureau agencies) must have completed period 13 and 15 year-end closing entries, excluding accounts receivable, sick leave and accounts payable.

Agencies (excluding service bureau agencies) provide the Year-end Closing Package along with all supporting documentation such as subsidiary ledgers, bank reconciliations, etc. that support the amounts on each agency's trial balance to DFA-OA-CAFR Section.

July 31, 2005

Agencies (excluding service bureau agencies) have all interfund transfers balanced and corrected in AASIS.

August 2, 2005

DFA-OA-CAFR Section must have the information from the State's Retirement Systems needed for sick leave accruals.

August 9, 2005

DFA-OA-CAFR Section will e-mail sick leave information to agencies that use AASIS for leave balances with instruction on how to record the sick leave accrual entries.

Agencies with their own HR systems (do not use AASIS for leave balances) must calculate and record their sick leave accruals. If instructions are needed, contact DFA-OA-CAFR Section. These agencies must submit documentation for the entries to DFA-OA-CAFR Section.

August 16, 2005

DFA-OA-CAFR Section will extract "Y" vouchers information from AASIS. Please insure that you put a "Y-xxxx" in the reference field for all Y Vouchers. Failure to put the "Y-" reference as the first two digits will result in unrecorded liabilities.

August 23, 2005	DFA-OA-CAFR Section will e-mail accounts payable ("Y" voucher) information to agencies with instructions on how to post.
August 23, 2005	Accrued sick leave entries must be posted by agencies (excluding service bureau agencies).
August 25, 2005	Agencies (excluding service bureau agencies) post entry for accounts receivable into AASIS. Provide supporting documentation for the amounts reported as accounts receivable, deferred revenue and allowance for uncollectible accounts, such as subsidiary ledgers, accounts receivable aging reports, etc to DFA-OA-CAFR.
August 30, 2005	Accounts payable entries must be posted by agencies (excluding service bureau agencies).
September 1, 2005	All agency personnel will be blocked from posting entries into FY2005.
September 15, 2005	All agencies provide Analytical Review to DFA-OA-CAFR Section. This form can not be completed until all entries are posted by your agency and the Office of Accounting.
September 30, 2005	Colleges and Universities provide College and University GAAP Closing Book.
October 14, 2005	<p>Applicable agencies provide audit reports:</p> <ul style="list-style-type: none"> Safe Drinking Water Construction Assistance Fund War Memorial UAMS <p>Retirement Systems provide Retirement Systems Closing Book.</p> <p>ADFA provide financial statements on Community Technical College Revolving Loan Fund.</p> <p>Applicable agencies provide risk management information:</p> <ul style="list-style-type: none"> EBD Worker's Comp State Insurance Dept. State Police ADEQ ASU University of Arkansas Systems
October 17, 2005	Retirement Systems must provide calculation of any Net Pension Asset or Net Pension Obligation to DFA-OA-CAFR. Retirement Systems will need to verify

the accuracy of the schedules provided. This schedule is titled: "Determination of Pension Cost and Net Pension Obligation GASB Statement No. 27."

October 24, 2005

Legislative Audit to furnish the following College and University audits to DFA-OA-CAFR Section for inclusion in the CAFR: University of Arkansas Consolidated System, Arkansas State University Consolidated System, Arkansas Tech University, and University of Central Arkansas.

October 26, 2005

Applicable agencies provide all discretely presented component unit audits or financial statements and notes.

Retirement Systems provide pension plan actuarial reports.

PLEASE NOTE:

Certain items on the timeline do not apply to Colleges and Universities, ADFA, Student Loan Authority, and the Retirement Systems because these agencies submit either a Closing Book with financial statements or a GAAP basis audit report and no information is gathered from AASIS.

Closing Status Report

BUSINESS AREA NAME: _____

BUSINESS AREA NUMBER: _____

PREPARED BY: _____ (name of agency's contact person)

Phone # for agency contact: _____ Email: _____

THIS FORM SHOULD BE COMPLETED AFTER ALL CLOSING ENTRIES DUE BY 7/31/05 HAVE BEEN ENTERED

To answer the following questions, you'll need to print a trial balance (AASIS trans: Y_DEV_80000025) to review G/L account balances for fiscal year 2005, periods 0 thru 16:

- 1) Bank Cash (G/L 1100002000 and 1100630010 thru 1109900014) and Investments (G/L 1120001000 - 1120007000 and 1210001000 -1210005000):
Are all non-Treasury bank and investment accounts -- including all fiduciary, trust and non-appropriated funds -- recorded in AASIS? Does the 6/30/05 AASIS balance tie to your account reconciliations?
 - **Provide bank statements and reconciliations for every checking and savings account if you have not already turned them into the Office of Accounting**
- 2) Undeposited Receipts (G/L 1010104000): Is the AASIS balance correct for undeposited receipts at 6/30/05?
 - **Provide a supporting schedule detailing undeposited receipts included in the 6/30/05 AASIS balance**
- 3) Fixed Assets (equipment, buildings, etc): (use transaction S_ALR_87011990 to view listing of assets and activity for year for depreciation area 20).
 - a. Have all assets purchased prior to FY2005 that were not accurately recorded on AASIS during the beginning balance load or at the time of purchase been included in the asset detail? **If no, please provide a listing of the assets (together with the cost center and fund in which the asset should be recorded) that should be included. This would include any Division of Legislative Audit asset related adjustments that have not been recorded.**
 - b. Do the total current year acquisitions equal the total capital outlay (accounts 5130010000-5130023000 and 5900003200 or 5900003000-5900005000) reflected in the agency-wide trial balance? **If no, please contact Linda Hensley at 683-4635 or linda.hensley@dfa.state.ar.us to discuss the problem and necessary solution.**
 - c. Do the current year retirements include only items that were lost, stolen, destroyed or sent to DFA-Marketing and Redistribution in the current year? **If no, please contact Linda Hensley at 683-4635 or linda.hensley@dfa.state.ar.us to discuss the problem and necessary solution.**

YES	NO	N/A

Closing Status Report

BUSINESS AREA NAME: _____

BUSINESS AREA NUMBER: _____

PREPARED BY: _____ **(name of agency's contact person)**

Phone # for agency contact: _____ **Email:** _____

	YES	NO	N/A
d. Are all capital assets owned by your agency included on this listing? If no, please provide a listing of the assets (together with the cost center and fund in which the asset should be recorded) that should be included.			
e. Are only capital assets owned by your agency included on this listing? If no, please provide a listing of the assets, including asset #, that should not be included.			
f. If you were able to answer yes to items a-e, do the ending balances on the asset history sheet equal the balances of the full accrual asset and accumulated depreciation accounts? If no, please contact Linda Hensley at 683-4635 or linda.hensley@dfa.state.ar.us to discuss the issue and potential solution.			
– Reporting agencies should provide a detailed asset listing with acquisition dates that agrees to the trial balance full accrual asset and accumulated depreciation amounts.			
4) <u>Loans and Notes Receivable</u> (G/L 1130012000, 1220001000):			
a. Are all outstanding loans and notes receivable recorded in AASIS?			
b. Has the current and noncurrent portion been properly classified in AASIS?			
c. Does the 6/30/05 AASIS balance (current + noncurrent) tie to the actual balance due?			
– Provide supporting documentation showing balances receivable as of 6/30/05 for all outstanding loans and notes receivable			
5) <u>Accrued Investment Income</u> (G/L 1160001000 – 2000): Has investment income earned but not yet received from third parties been accrued in AASIS? Does the 6/30/05 AASIS balance equal the total investment income (interest, dividends etc.) receivable?			
– Provide the calculation of the investment income accrual			
6) <u>Capital Leases Receivable</u> (G/L 1130013000, 1220002000):			
a. Are all outstanding capital leases receivable recorded in AASIS?			
b. Has the current and noncurrent portion been properly classified in AASIS?			
c. Does the 6/30/05 AASIS balance (current + noncurrent) tie to the actual balance due?			
– Provide supporting documentation showing balances receivable as of 6/30/05 for all outstanding capital leases receivable			
7) <u>Due To/Due From: Intra-Agency</u> (G/L 1140005000, 2110004000): Do the AASIS balances of Due To and Due From other funds within your agency offset each other?			

Closing Status Report

BUSINESS AREA NAME: _____

BUSINESS AREA NUMBER: _____

PREPARED BY: _____ **(name of agency's contact person)**

Phone # for agency contact: _____ **Email:** _____

	YES	NO	N/A
8) <u>Due To/Due From: Inter-Agency</u> (G/L 1140003100, 2110004100, other): Do the AASIS balances shown as Due To or Due From other State agencies equal the balance reflected by the other State agencies? (Note: your agency will need to contact the other agencies to compare balances.)			
9) <u>Due To/Due From Other Governments</u> (G/L 1130003200, 2112004000, 2130002000, other): Have balances Due To and Due From other governments (ex: counties and municipalities) been updated in AASIS as of 6/30/05? – Provide a supporting ledger/list showing amounts due to and due from each government entity as of 6/30/05			
10) <u>Inventory</u> (G/L 1150001000 - 3000): Has AASIS been adjusted to the proper 6/30/05 balance? (Not fixed asset inventory) – Provide a brief summary of inventory contents and cost			
11) <u>Prepaid Expenses</u> (G/L 1190002000): Has AASIS been adjusted to show the correct balance for prepaid postage, insurance, maintenance contracts and other prepaid items? – Provide a list showing support/calculation of prepaid expenses			
12) <u>Grants Payable</u> (G/L 2112001000 - 3000): a. Has the AASIS balance been adjusted for actual grants payable at 6/30/05? b. Also, if applicable, has Medicaid Payable been accrued (G/L 2110001800)? – Provide a supporting ledger showing grant payable balances			
13) <u>Capital Leases Payable</u> (NOT operating leases): a. Have capital lease interest (G/L 5120012000 - 12100) and principal (G/L 5120001100/other) amounts been properly recorded in AASIS periods 0 - 13 (modified-accrual)? b. Has Other Financing Sources (G/L 6990004200) been recorded in AASIS to reflect the amount of any new capital leases payable? c. Have capital leases payable current (G/L 2114001000) and noncurrent (G/L 2220005000) been adjusted to the proper 6/30/05 balances in AASIS period 15 (full-accrual)? – Provide amortization schedules showing capital lease details			
14) <u>Unearned Income</u> (G/L 2130001100): Has AASIS been adjusted for revenue which has been received in advance but has not been earned as of 6/30/05? – Provide supporting ledger showing 6/30/05 unearned income (should agree w/AASIS)			

Closing Status Report

BUSINESS AREA NAME: _____

BUSINESS AREA NUMBER: _____

PREPARED BY: _____ **(name of agency's contact person)**

Phone # for agency contact: _____ **Email:** _____

15) Loans and Notes Payable :

- a. Have principal and interest payments been properly posted to Debt Service-Principal (G/L 5120001000) and Debt Service-Interest (G/L 5120002000) in AASIS periods 0 – 13 (modified-accrual)?
- b. Has Proceeds from Loans (G/L 6030003000) been recorded in AASIS to reflect the amount of any new loans and notes payable? (period 0 – 13, modified-accrual)
- c. Have loans and notes payable current (G/L 2150001000) and noncurrent (G/L 2220001000) been adjusted to the proper 6/30/05 balances in AASIS period 15 (full-accrual)?
- **Provide amortization schedules showing loans and notes payable details**

16) Bonds Payable:

- a. Have principal and interest payments been properly posted to Debt Service-Principal (G/L 5120001000) and Debt Service-Interest (G/L 5120002000) in AASIS periods 0 – 13 (modified-accrual)?
- b. Have Proceeds from Bonds (G/L 6040001000), Bond Issuance Costs (G/L 6030001200), Bond Discount/Premium (G/L 6030001400) been recorded in AASIS to reflect the amount of any new bonds payable? (period 0 – 13, modified-accrual)
- c. Have bonds payable current (G/L 2150002000) and noncurrent (G/L 2220002000) been adjusted to the proper 6/30/05 balances in AASIS period 15 (full-accrual)?
- d. Has the balance of Unamortized Bond Issue Costs (G/L 1190005000, 1210000600) been updated?
- e. Has the balance of Unamortized Bond Discount (G/L 2150002100, 2220002100) been updated?
- f. Has the balance of Unamortized Bond Premium (G/L 2150002200, 2220002300) been updated?
- g. Has the balance of Deferred Loss on Early Retirement (G/L 2220002200) been updated?
- **Provide amortization schedules and supporting calculations for bond activity G/L balances**

- 17) **DEBT SERVICE INTEREST PAYABLE:** (G/L 2140001000): Has debt service interest payable been properly accrued in AASIS?
- **Provide supporting calculations for interest payable**

- 18) OTHER: Are there any other asset or liability items to be recorded or adjusted in AASIS for year-end 6/30/05? Please attach details and describe here:

YES	NO	N/A

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE CASH, CASH EQUIVALENTS, AND INVESTMENTS FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: To adjust accounts to proper June 30, 2005 balances, and compile information on deposits and investments for the notes in the CAFR.

PROCEDURES:

Change Funds and Petty Cash

If your agency has change funds and/or petty cash, verify that the balances in the following accounts are correct on your trial balance:

1010102000 Change Funds
1010103000 Petty Cash

Undeposited Receipts

Undeposited receipts are cash and checks received by 6/30 but not receipted into the cash journal nor deposited in the bank.

After determining your undeposited receipts for 6/30 of the current year, make the following entry in period 13:

Debit account **1010104000** Cash on Hand
(For the total amount undeposited as of 6/30 of the current year.)
Credit the following non-budget relevant account or accounts if you have these types of revenue.
If you have other types of revenue, use the appropriate non-budget relevant account:
4043002100 NBR License, Fees, Permits
4047099600 NBR Other
(For receipts not deposited at 6/30)

You will need to provide a supporting schedule detailing undeposited receipts included in the 6/30/05 AASIS balance.

Deposits in Financial Institutions

FORM 1A - DEPOSITS IN FINANCIAL INSTITUTIONS

Report all commercial bank accounts whether appropriated or exempt from appropriation. If your agency does not have any commercial bank accounts, check the "Not Applicable" box at the top of the form.

Make sure your business area name and number at the top of the form. Enter your name, phone number, and the date at the bottom of the form.

List the following for each individual bank account:

- a. **Bank Name** - enter the full name of the financial institution.
- b. **Bank account number** - enter the bank account number from the bank statement.

- c. **AASIS Fund Code** - enter the fund where the commercial bank account is recorded.
- d. **Book balance per AASIS** - enter the book balance from the bank reconciliation. This balance must agree with AASIS.
- e. **Interest Bearing Yes or No?** - indicate whether the account earns interest.
- f. **Foreign Currency Denomination if applicable** - foreign-denominated deposits are exposed to foreign currency risk. Enter the foreign currency denomination if applicable (British pound, Canadian dollar, Swiss franc, etc.).
- g. **Bank statement balance** - enter the balance from the bank statement. This is the balance that will be allocated between columns h, i, j, k, and l based on levels of custodial credit risk.
- h. **Insured** - enter the amount of the bank statement balance insured by the FDIC. Each agency may have up to \$100,000 FDIC insurance for interest bearing accounts, (interest bearing checking accounts, savings accounts, CD's), and another \$100,000 FDIC insurance for non-interest bearing accounts with banks within the borders of Arkansas, for a maximum of \$200,000 for in-state banks. If the agency has several accounts with different branches of the same financial institution, the \$100,000 FDIC insurance is limited to the financial institution rather than the branch of the financial institution.
- i. **Collateralized - the collateral is held by the government's agent in the government's name. The agent is not the pledging financial institution** - enter the amount of the bank statement balance collateralized with securities held by the government's agent in the government's name. The agent is not the pledging financial institution.
- j. **Collateralized - the collateral is held by the pledging financial institution's trust department in the government's name** - enter the amount of the bank statement balance collateralized with securities held by the pledging financial institution's trust department in the government's name.
- k. **Collateralized - the collateral is held by the pledging financial institution's trust department or agent but not in the government's name** - enter the amount of the bank statement balance collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name.
- l. **Uninsured and Uncollateralized** - enter the amount of the *bank statement balance* that is uninsured and uncollateralized.
- m. **Total** - Total columns h, i, j, k, and l across. *This column must agree to the Bank Statement Balance in column g.*

Total all columns.

You will need to provide bank statements and reconciliations for every checking and savings account if you have not already turned them into the Office of Accounting

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

FORM 1A - JUNE 30, 2005 DEPOSITS IN FINANCIAL INSTITUTIONS

Not Applicable ☐

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

(a)	(b)	©	(d)	(e)	(f)	(g)	(h)	(i)
Bank Name	Bank Account Number	AASIS Fund Code	Book Balance per AASIS	Interest Bearing Yes or No?	Foreign Currency Denomination if applicable	Bank Statement Balance	Insured	Collateralized - the collateral is held by the government's agent in the government's name. The agent is not the pledging financial institution.
TOTALS:			\$ -			\$ -	\$ -	\$ -

Prepared By _____

Agency Telephone Number

Date

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

FORM 1A - JUNE 30, 2005 DEPOSITS IN FINANCIAL INSTITUTIONS**BUSINESS AREA NAME:****BUSINESS AREA NUMBER:**

(j)	(k)	(l)	(m)
Collateralized - the collateral is held by the pledging financial institution's trust department in the government's name.	Collateralized - the collateral is held by the pledging financial institution's trust department or agent but not in the government's name.	Uninsured and Uncollateralized	Total
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
\$ -	\$ -	\$ -	\$ -

Investments

FORM 1B - INVESTMENTS HELD OUTSIDE THE STATE TREASURY

List all investments except certificates of deposit. Certificates of deposit are listed on Form 1C. Do not include investments held at the State Treasury.

If your agency does not have any investments, check the "Not Applicable" box at the top of the form.

Enter your Business area name and number at the top of the form. Enter your name, phone number, and the date at the bottom of the form.

List the following for each investment:

- a. **Investment Type** - enter each investment by the appropriate investment type.
- b. **AASIS Fund Code** - enter the AASIS fund where the investment is recorded.
- c. **Fair Market Value in U.S. Dollars** - enter the fair market value in U.S. dollars.
- d. **Foreign Currency Denomination if applicable** - foreign-denominated investments are exposed to foreign currency risk. Enter the foreign currency denomination if applicable (British pound, Canadian dollar, Swiss franc, etc.).

Interest rate risk exists when there is a possibility that changes in interest rates will adversely affect an investment's fair value. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool. A 2a7-like pool is defined in the following link:

http://a257.g.akamaitech.net/7/257/2422/12feb20041500/edocket.access.gpo.gov/cfr_2004/aprqr/pdf/17cfr270.2a-7.pdf

Disclosures are required for any assumptions regarding cash flow timing, interest rate changes, and other factors. Governments also should disclose the terms of any debt investment that cause its fair value to be highly sensitive to interest rate changes (i.e., coupon multipliers, benchmark indices, reset dates, embedded options).

- e. **Amount Maturing in Less than 1 year** - enter the amount of the investment maturing in less than 1 year.
- f. **Amount Maturing in 1-5 Years** - enter the amount of the investment maturing in 1-5 years.
- g. **Amount Maturing in 6-10 Years** - enter the amount of the investment maturing in 6-10 years.
- h. **Amount Maturing in More than 10 Years** - enter the amount of the investment maturing in more than 10 years.
- i. **Callable Date if applicable** - enter the callable date if applicable.
- j. **Maturity Date** - enter the maturity date of the investment.

A *debt security* is a security representing a creditor relationship with an enterprise. It also includes (a) preferred stock that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor and (b) a collateralized mortgage obligation (CMO) (or other instrument) that is issued in equity form but is required to be accounted for as a nonequity instrument regardless of how that instrument is classified (that is, whether equity or debt) in the issuer's statement of financial position. However, it excludes option contracts, financial futures contracts, forward contracts, and lease contracts.

Thus, the term *debt security* includes, among other items, U.S. Treasury securities, U.S. government agency securities, municipal securities, corporate bonds convertible debt, commercial paper, all securitized debt instruments,

such as CMOs and real estate mortgage investment conduits (REMICs), and interest-only and principal-only strips.

Trade accounts receivable arising from sales on credit by industrial or commercial enterprises and loans receivable arising from consumer, commercial, and real estate lending activities or financial institutions are examples of receivables that do not meet the definition of *security*; thus, those receivables are not debt securities (unless they have been securitized, in which case they would meet the definition).

k. **Credit Quality Rating of Investment in Debt Securities as described by Standard & Poor's** - enter the credit quality rating available through the credit rating search feature on the Standard & Poor's website at www.standardandpoors.com.

l. **Credit Quality Rating of Investment in Debt Securities as described by Fitch Ratings** - enter the credit quality rating available through the Fitch Ratings website at www.fitchratings.com.

m. **Credit Quality Rating of Investment in Debt Securities as described by Moody's Investors Service** - enter the credit quality rating available through the Moody's Investors Service website at www.moody's.com.

n. **Amount insured or registered, or securities held by the government or its agent in the government's name** - enter the amount of the investment which falls in any one of the following categories:

- covered by SIPC protection or other brokerage insurance
- registered with the issuer in the government's name (and not in negotiable form)
- in the possession of the government, either physically or through its own book entry account or the government's agent in the government's name.

o. **Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name** - enter the amount of the investment that is uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name. The counterparty is the same party that sold them to or bought them for the government.

p. **Uninsured and unregistered, with securities held by the counterparty but not in the government's name** - enter the amount of the investment that is uninsured and unregistered, with securities held by the counterparty but not in the government's name.

q. **Uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in the government's name** - enter the amount of the investment that is uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in the government's name.

r. **Uncategorizable** - enter the amount of the investment not represented by securities.

s. **Total** - Total columns n, o, p, q, and r. *This column must agree to the Fair Market Value in U.S. Dollars in column c.*

Total all columns.

You will need to provide statements for every investment account if you have not already turned them into the Office of Accounting

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION - OFFICE OF ACCOUNTING
FORM 1B - JUNE 30, 2005 INVESTMENTS HELD OUTSIDE THE STATE TREASURY

Not Applicable ☐

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

			Foreign Currency Risk	Int		
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Investment Type	AASIS Fund Code	Fair Market Value in U.S. Dollars	Foreign Currency Denomination if applicable	Amount Maturing in Less than 1 year	Amount Maturing in 1-5 Years	Amount Maturing in 6-10 Years
U.S. Treasuries						
U.S. Government Agency Securities						
Commercial paper (list individually by issuer)						
1						
2						
Mutual bond fund (by avg maturity in months)						
Bonds (list individually by issuer and identify bonds with a call option)						
1						
2						
Repurchase Agreements (by maturity date)						
Bankers' acceptance						
Reverse Repurchase Agreements						
Corporate Stock (list individually by issuer)						
1						
2						
External investment pool						
Open-ended Money Market Mutual Funds						
Investment Trust						
Securities underlying reverse repurchase agreements:						
Other investments:						
1						
2						
TOTALS:		\$ -		\$ -	\$ -	\$ -

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION - OFFICE OF ACCOUNTING
FORM 1B - JUNE 30, 2005 INVESTMENTS HELD OUTSIDE THE STATE TREASURY

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

[illegible]

\$ -

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION - OFFICE OF ACCOUNTING
FORM 1B - JUNE 30, 2005 INVESTMENTS HELD OUTSIDE THE STATE TREASURY

BUSINESS AREA NAME:**BUSINESS AREA NUMBER:**

Custodial Credit Risk					
(n)	(o)	(p)	(q)	(r)	(s)
Amount insured or registered, or securities held by the government or its agent in the government's name	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name	Uninsured and unregistered, with securities held by the counterparty but not in the government's name	Uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in the government's name	Uncategorizable	Total
					-
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Certificates of Deposit

FORM 1C - CERTIFICATES OF DEPOSIT HELD OUTSIDE STATE TREASURY

Report all certificates of deposit held outside the State Treasury. If your agency does not have any certificates of deposit held outside State Treasury, check the "Not Applicable" box at the top of the form.

Enter your Business area name and number at the top of the form. Enter your name, phone number, and the date at the bottom of the form.

List the following for each individual CD:

- a. **Bank Name** - enter the full name of the financial institution.
- b. **Account number** - enter the CD account number.
- c. **Purchase date** - enter the date the CD was purchased or reinvested.
- d. **Maturity date** - enter the maturity date of the CD.
- e. **Date interest was last paid** - enter the date interest was last paid or applied to the CD.
- f. **Interest rate** - enter the rate of interest being earned on the CD.
- g. **Negotiable or nonnegotiable** - indicate whether the CD is negotiable or nonnegotiable. Negotiable CDs are securities that normally are sold in \$1 million units and that can be traded in a secondary market. Nonnegotiable are time deposits that are placed by depositors directly with financial institutions and that generally are subject to a penalty if redeemed before maturity.
- h. **AASIS Fund Code** - enter the fund where the CD is recorded.
- i. **Bank Balance** - enter the bank balance of the CD as of the trial balance date. This amount must agree with the bank statement.
- j. **Insured** - enter the amount of bank balance insured by the FDIC. Each agency may have up to \$100,000 FDIC insurance for interest bearing accounts, (interest bearing checking accounts, savings accounts, CD's), and up to \$100,000 FDIC insurance for non-interest bearing accounts with banks within the borders of Arkansas, for a maximum of \$200,000 for in-state banks. If the agency has several accounts with different branches of the financial institution, the \$100,000 FDIC insurance is limited to the financial institution rather than the branch of the financial institution.
- k. **Collateralized - the collateral is held by the government's agent in the government's name. The agent is not the pledging financial institution** - enter the amount of the bank balance collateralized with securities held by the government's agent in the government's name. The agent is not the pledging financial institution.
- l. **Collateralized - the collateral is held by the pledging financial institution's trust department in the government's name** - enter the amount of the bank balance collateralized with securities held by the pledging financial institution's trust department in the government's name.
- m. **Collateralized - the collateral is held by the pledging financial institution's trust department but not in the government's name** - enter the amount of the bank balance collateralized with securities held by the pledging financial institution's trust department but not in the government's name.
- n. **Uninsured and Uncollateralized** - enter the amount of the bank balance that is uninsured and uncollateralized.
- o. **Total** - Total columns j, k, l, m, and n across. *This column must agree to the Bank Balance in column i.*

Total all columns.

You will need to provide statements or other 3rd party documentation for each CD if you have not already turned them into the Office of Accounting.

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STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

Not Applicable ☐

FORM 1C - JUNE 30, 2005 CERTIFICATES OF DEPOSIT HELD OUTSIDE STATE TREASURY

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Bank Name	Account Number	Purchase Date	Maturity Date	Date interest was last paid	Interest rate	Negotiable CD or Non-negotiable CD	AASIS Fund Code	Bank Balance

TOTALS: \$ -

Prepared By

Agency Telephone Number

Date

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

Not Applicable ☐

FORM 1C - JUNE 30, 2005 CERTIFICATES OF DEPOSIT HELD OUTSIDE STATE TREASURY

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

Custodial Credit Risk					
(j)	(k)	(l)	(m)	(n)	(o)
Insured	Collateralized - the collateral is held by the government's agent in the government's name. The agent is not the pledging financial institution.	Collateralized - the collateral is held by the pledging financial institution's trust department in the government's name.	Collateralized - the collateral is held by the pledging financial institution's trust department but not in the government's name.	Uninsured and Uncollateralized	Total
					-
					-
					-
					-
					-
					-
					-
					-
					-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING**

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

ADDITIONAL DEPOSITS AND INVESTMENTS INFORMATION

Please describe the policy used by your agency for deposits and investments.

Investments may contain terms that increase the sensitivity of their fair values to increasing interest rates-for example, terms embedded in variable-rate investments such as reset dates, benchmark indexes, and coupon multipliers. Please indicate which investments listed on Form 1B INVESTMENTS HELD OUTSIDE THE STATE TREASURY contain terms that increase the sensitivity of fair values to increasing interest rates.

Please disclose the methodology used by your agency in determining the fair market value of your investments in the space provided below (e.g. pricing services or prices quoted by independent brokers at current exchange rates).

Are there legal or contractual provisions applicable to your investments that are not applicable to all State agencies? (If yes, please include a brief explanation of the related legal or contractual provisions and list any known instances of noncompliance, if any, during the fiscal year ending June 30, 2005.)

Does your agency participate in any external investment pools? An external investment pool is an arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio (one or more of the participants is not part of the sponsor's reporting entity). An investment pool that is sponsored by an individual state government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring entity.

☐ Yes

☐ No

If your agency participates in an external investment pool, answer the following questions:

Is the agency's participation voluntary or involuntary?

☐ Voluntary

☐ Involuntary

(Please select one)

**STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING**

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

ADDITIONAL DEPOSITS AND INVESTMENTS INFORMATION (continued)

Please provide the name(s) of any external investment pools in which your agency participates.

Is the external investment pool SEC registered?

☐ Yes

☐ No

If not, please provide a brief description of any regulatory oversight for the pool and whether the fair market value of the position in the pool is the same as the value of the pool shares.

Does your agency have any foreign-denominated deposits?

☐ Yes

☐ No

Does your agency have any foreign-denominated investments?

☐ Yes

☐ No

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE ACCRUED INTEREST ON INVESTMENTS FISCAL YEAR ENDED: JUNE 30, 2005

If there is a balance in account number 1160001000, please contact your CAFR liaison for guidance because your 6/30/04 accrual entries may not have properly reversed.

Determine when interest was last paid on each investment. Calculate the amount of interest earned but not yet received. The calculation will be submitted as support for the account balance.

After calculating the interest earned but not yet received, make the following entry **in period 13**:

Debit account **1160001000** Interest Receivable
Credit account **4049003100** NBR Investment Earnings
(For the amount calculated above as interest receivable at 6/30.)

You should compute the accrued interest as follows: multiply the investment balance by the annual interest rate to arrive at the computed annual interest, divide the computed annual interest by 365 days to determine the daily interest, count the number of days since interest was last paid prior to 6/30/2005 and multiply by the daily interest rate you computed in the previous step to arrive at the accrued interest amount.

Example of how to calculate interest receivable: On March 31 your agency purchased a 12-month \$10,000 CD that pays 3% interest at maturity.

\$10,000	Certificate of Deposit Balance
x .03	3% Annual Interest Rate
<u>\$300</u>	Annual interest revenue
/ 365	365 days in a year
<u>0.821918</u>	Interest earned per day
x 91	91 days since interest was last paid (April 1 - June 30)
<u><u>\$74.79</u></u>	Interest receivable at 6/30

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE

RECEIVABLES

FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: To identify amounts due to your agency by entities outside of Arkansas state government for services rendered or goods provided to your agency, and to adjust accounts to the proper June 30, 2005 balances.

PROCEDURES:

- Use Period 13 entries to adjust receivables to proper June 30, 2005 balances for the modified-accrual basis of accounting into the proper fund using your appropriate cost center and, if applicable, WBS Element / Internal Order.

Accounts Receivable

- If there is a balance in account number 1130001100, please contact your CAFR liaison for guidance because your 6/30/04 accrual entries may not have properly reversed.
- If your agency uses the AASIS accounts receivable system, you will need to also review account number 1130001000 using AASIS transaction FBL5N. Contact your CAFR liaison if the entire amount in this account is not received within 45 days of year-end.
- Determine accounts receivable on June 30, 2005.
- Identify additional amounts that were receivable at 6/30 by analyzing receipts after 7/1.
- Accounts receivable cannot be adjusted until 45 days after year-end (8/14/05)
- Amounts earned at 6/30 and received within 45 days after year-end are recorded as **revenue** in a closing entry.
- The remainder of the receivable will be booked as **deferred revenue**.
- **Note:** This is not the proper entry for notes and loans receivable which are discussed on page 29.
- Make the following entry in PERIOD 13:

Debit account **1130001100** Accounts Receivable

(For the total amount of accounts receivable not already recorded in AASIS as of June 30, 2005)

Credit the following non-budget relevant account or accounts for amounts received within 45 days after year-end if you have these types of revenue that are receivable. If you have other types of revenue, use the appropriate non-budget relevant account:

4043002100 NBR License, Fees, Permits

4047099600 NBR Other

Credit account **2130001000** Deferred Revenue

(For the amount not received within 45 days.)

PERIOD 15 ENTRIES:

- Use period 15 entries to adjust accounts to full-accrual per GASB 34.
- These entries should be entered into the full-accrual Fund (7006101).
- This fund is shared by all agencies.
- Each agency has a cost center assigned to this fund. If you need your agency's period 15 cost center, contact your CAFR liaison

To reflect deferred revenue at 6/30/05 as revenue for GASB 34 purposes you will make the following entry in **period 15** in Fund 7006101:

Debit account **2130001000** Deferred Revenue

(For the amount not received within 45 days after year-end.)

Credit the following non-budget relevant account or accounts if you have these types of revenue. If you have other types of revenue, use the appropriate non-budget the appropriate non-budge relevant account:

4043002100 NBR License, Fees, Permits

4047099600 NBR Other

(For the same amount of the debit.)

Allowance for Doubtful Accounts

Allowance for doubtful accounts is that part of accounts receivable and notes receivable deemed uncollectible due to past history, etc.

- If there is a balance in account number 1130005000, please contact your CAFR liaison for guidance because your 6/30/04 accrual entries may not have properly reversed.

After determining the balance of allowance for doubtful accounts receivable as of 6/30, make the following entry in **PERIOD 13**:

Debit the following non-budget relevant account or accounts if you have these types of revenue. If you have other types of revenue, use the appropriate non-budget relevant account:

4043002100 NBR License, Fees, Permits

4047099600 NBR Other

Credit account 1130005000 Allowance for Uncollectible Accounts

(For the amount determined.)

Federal Grants Receivable

- If there is a balance in account number 1130001300, please contact your CAFR liaison for guidance because your 6/30/04 accrual entries may not have properly reversed.
- Calculate for each individual grant.
 - The amount of the receivable. Include expenses incurred on grants for which reimbursement has not yet been requested at year-end.
 - The amount of the receivable received within 45 days of year-end. This portion of the receivable is recorded as grant revenue.
 - The amount of the receivable not received within 45 days of year-end. This portion of the receivable is recorded as deferred revenue.
- After determining the proper grants receivable balance, make the following entry to record in **PERIOD 13**:

Debit account **1130001300** Federal Receivable

(For the total amount of the federal grant receivable as of 6/30 of the current year.)

Credit account **4050004100** NBR Grant Revenue

(Amount received within 45 days of year-end.)

Credit account **2130001000** Deferred Revenue

(For the amount not received within 45 days.)

PERIOD 15 ENTRIES:

- Use period 15 entries to adjust accounts to full-accrual per GASB 34.
- These entries should be entered into full-accrual Fund (7006101).
- This fund is shared by all agencies.
- Each agency has a cost center assigned to this fund. If you need your agency's period 15 cost center, contact your CAFR liaison.

To reflect deferred revenue at 6/30/05 as revenue for GASB 34 purposes you will make the following entry in **period 15** in Fund 7006101:

Debit account **2130001000** Deferred Revenue
(For the amount not received within 45 days after year-end.)
Credit account **4050004100** NBR Grant Revenue

Grants received on an Advance Basis

- Contact your agency's assigned DFA liaison for assistance with fiscal year-end entries for grants received on an advance basis

Capital Leases Receivable

- Contact your agency's assigned DFA liaison for assistance with fiscal year-end entries for capital leases receivable.

Loans and Notes Receivable

- Payments your agency receives for loans and notes receivable during the year should be recorded as a reduction in the receivable for the principal portion of the payment and interest revenue for the interest portion of the payment.
- Your closing entries should correct any misclassified loan and note repayments.

Example of misclassified loan and note repayments: Your agency received \$25,000 in loan and note payments during the year. The new bookkeeper inadvertently posted the entire amount to other revenue.

The entry needed to reclassify loan and note payments received would be made in **PERIOD 13** as follows:

Debit account **4047099600** NBR Other
(For the amount posted to client revenue.)
Credit account **1130012000** Loans & Notes Receivable
(Principal portion of payments)
Credit account **4049003100** NBR Investment Earnings
(Interest portion of payments)

- The portion of loans and notes receivable due within the next year should be classified as current.

After calculating the portion of loans and notes receivable due within the next year, make the following entry in **PERIOD 13**:

Debit account **1130012000** Loans & Notes Receivable

Credit account **1220001000** Non-current Loans & Notes Receivable

(To reclassify current and non-current portion of loans and notes receivable at 6/30.)

After determining the balance of allowance for doubtful notes and loans receivable as of 6/30, make the following entry in **PERIOD 13**:

Debit account **5900008000** Bad Debt Expense

Credit account **1130005000** Allowance for Uncollectible Accounts

(For the amount determined.)

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE

UNEARNED INCOME

FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE:

To adjust accounts to proper June 30, 2005 balances.

PROCEDURES:

- If there is a balance in account number 2130001100, please contact your CAFR liaison for guidance because your 6/30/04 accrual entries may not have properly reversed.
- Unearned income can result from advance payments for services. It can also be revenue received in the current year, which is next year's revenue. (e.g. Professional Licenses, Fees, or Permits)
- After determining revenue received prior to 6/30 for next year's revenue, make the following **PERIOD 13:**

Debit the following non-budget relevant account or accounts if you have these types of revenue. If you have multiple types of revenue, use the appropriate non-budget relevant account:

4043002100 NBR License, Fees, Permits

4047099600 NBR Other

Credit account **2130001100** Unearned Income
(For the amount collected prior to 6/30.)

Example of how to calculate unearned income from advance payments for services:

On May 1 your agency enters into a 1-year contract to provide monthly services or renewal services, which you receive \$12,000 advance payment.

\$12,000	Contract price paid in advance
/ 12	12 months in a year
1,000	Per month contract price
x 2	2 months (May & June)
2,000	Amount earned

12,000	Contract price
- 2,000	Amount earned
<u>10,000</u>	Unearned Income

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STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE

PREPAID EXPENSES

FISCAL YEAR ENDED: JUNE 30, 2005

Purpose: To identify amounts paid in current year that are expenses of next year.

Procedures:

- If there is a balance in account number 1190002000, please contact your CAFR liaison because 6/30/04 accrual entries may not have properly reversed.
- The following examples are not the only prepaid expenses your agency may have. In addition, you could have prepaid advertising, printing, traveling, rent, and professional fees to name a few. If you have prepaid expenses on your trial balance that are not covered in the examples below and need assistance, please contact your CAFR liaison.

Prepaid Insurance

- Insurance premiums and dates of coverage (obtained from the policy) are used to calculate insurance expense.
- For each insurance policy in effect at 6/30, calculate the amount of prepaid premium at 6/30.

Example: Your agency has a vehicle insurance policy. The \$1,008 annual premium was paid on February 1, 2005. The dates of coverage are March 1, 2005 through April 30, 2005.

\$1,008	Annual Premium
/ 12	Months
84	Cost per Month
x 4	Months (March 1, 2005 – June 30, 2005)
336	Insurance expense at 6/30/05

1,008	Premium
- 336	Insurance expense
672	Prepaid insurance at June 30, 2005

After determining the proper 6/30 balances, make the following entry in **PERIOD 13**:

Debit account **1190002000** Prepaid Expenses
Credit account **5070010000** NBR Insurance and Bonds
(To record prepaid insurance at June 30, 2005)

Prepaid Maintenance Contracts

- Contract costs and dates of coverage are used to calculate prepaid maintenance contracts.
- For each contract in effect at 6/30, calculate the amount that is prepaid at 6/30 (see example prepaid insurance above).

After determining the proper 6/30 balances, make the following entry in **PERIOD 13**:

Debit account **1190002000** Prepaid Expenses

Credit account **5030021000** NBR Repairing & Services

(To record prepaid maintenance contracts at June 30, 2005)

Prepaid Subscription and Membership Fees

- Annual membership fees or subscription paid for on other than the State's fiscal year.
- For each contract in effect at 6/30, calculate the amount that is prepaid at 6/30 (see example prepaid insurance above).

After determining the proper 6/30 balances, make the following entry in **PERIOD 13**:

Debit account **1190002000** Prepaid Expenses

Credit account **5080029000** NBR Other Expenses & Services

(To record prepaid subscription and membership fees at June 30, 2005)

Prepaid Postage

- Proper year-end balance is the 6/30 balances in all postage meters and bulk mail amounts from agency.

After determining the proper 6/30 balances, make the following entry in **PERIOD 13**:

Debit account **1190002000** Prepaid Expenses

Credit account **5020006000** NBR Comm. & Trans. of Commodities

(To record prepaid postage at June 30, 2005)

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STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE

INVENTORY

FISCAL YEAR ENDED: JUNE 30, 2005

Purpose:

To adjust account to proper June 30, 2005 balance.

Procedures:

- If there is a balance in account number 1150002000 or 1150003000, please contact your CAFR liaison for guidance because your 6/30/04 accrual entries may not have properly reversed.
- Determine the proper year-end balance by doing an inventory count at year-end.
- After determining the proper 6/30 balances, make the following entry in **PERIOD 13**:

Debit account **1150002000** Inventory Conversion Balance/Adjustments

Credit account **5090036000** NBR Commodities, Materials & Supplies
(To record inventory at June 30, 2005)

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE INTER-AGENCY – RECEIVABLES/PAYABLES FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: To identify transactions between State agencies which represent inter-agency receivables for reporting purposes at June 30.

PROCEDURES: During the course of normal operations the State has numerous transactions between including the provision of services. These inter-agency receivables must equal the inter-agency payable state agencies are combined. **Only those transactions between your agency and other agencies s reported.** In the event of a dispute of the amount of the receivable, the amount shown by the agency v receivable shall be recorded on both agencies books of record. **Recording the payable in accordanc receivable should not be considered as agreement to the amount by the agency recording the li:**

Inter-agency Receivables

If there is a balance in 1140003100, contact your CAFR liaison because your 6/30/04 accrual entries m have properly reversed.

If your agency uses the AASIS accounts receivable module, you will need to also review account numb 1140001000 using AASIS transaction FBL5N.

Identify all transactions for which your agency should record an inter-agency receivable, i.e. those trans which your agency provided something of value to another agency before June 30, but had not received as of June 30.

Each agency must contact all agencies for which an inter-agency receivable is recorded and communicate amount of the receivable, the fund in which the receivable is recorded, and the general ledger revenue number where the deposited amount will be coded by your agency.

FORM 2A – INTER-AGENCY RECEIVABLES

List each of the following for each of your agency's inter-agency receivables:

- a. **Other business area name** - enter the other agency's business area name.
- b. **Other business area number** - enter the other agency's business area number.
- c. **Communicated with agency** - check the box to indicate your agency has communicated with other agency involved in the transaction.

- d. **Amount** – enter the amount of the receivable.
- e. **Your AASIS fund** – enter the fund where the amount will be deposited by your agency.
- f. **Receiving GL revenue account** – enter the GL revenue code to which the receipt will be p
- g. **Paying BA's AASIS Fund** - enter the fund from which the amount will be paid by the other a
- h. **Paying GL expense account** - enter the general ledger expense account where the paid a
be coded by the other agency.

Inter-agency Payables

If there is a balance in account number 2110004100, please contact your CAFR liaison for guidance be
6/30/04 accrual entries may not have properly reversed.

Identify all transactions for which your agency recorded or should have recorded an inter-agency payab
those transactions for which your agency received something of value from another agency before June
had not paid as of that June 30. If your agency has not already been contacted by the agency with the
receivable, your agency must contact all agencies for which an inter-agency payable is recorded and
communicate the amount of the payable, the fund in which the payable is recorded, and the general led
expense account number where the amount will be coded by your agency. Enter each inter-agency pa
Form 2B.

INSTRUCTIONS – FORM 2B INTER-AGENCY PAYABLES

List the following for each of your agency's inter agency payables:

- a. **Other Business Area Name** - enter the other business area's name.
- b. **Other Business Area Number** - enter the other agency's business area number.
- c. **Communicated with agency** - check the box to indicate your agency has communicated w
other agency involved in the transaction.
- d. **Amount** - enter the amount
- e. **Your AASIS Fund** - enter the fund where the amount will be expensed by your agency.
- f. **Paying GL expense account** - enter the general ledger expense account where the expen:
amount will be coded by your agency.
- g. **Receiving BA's AASIS Fund** - enter the fund where the amount will be received by the oth
- h. **Receiving GL revenue account** - enter the general ledger revenue account where the amc
coded by the other agency.

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OFFICE OF ACCOUNTING

Not Applicable ☐

FORM 2A - JUNE 30, 2005 INTER-AGENCY RECEIVABLES

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Other Business Area Name	Other Business Area Number	Communicated with agency	Amount	Your AASIS Fund	Receiving GL revenue account	Paying BA's AASIS Fund	Paying GL expense account
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					

TOTAL: \$ -

NOTE: All fields must be completed for each inter agency receivable. This will necessitate you working with other agencies.

Prepared by

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Date

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OFFICE OF ACCOUNTING

Not Applicable ☐

FORM 2B - JUNE 30, 2005 INTER-AGENCY PAYABLES

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

(a) Other Business Area Name	(b) Other Business Area Number	(c) Communicated with agency	(d) Amount	(e) Your AASIS Fund	(f) Paying GL expense account	(g) Receiving BA's AASIS Fund	(h) Receiving GL revenue account
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					

TOTAL: \$ -

NOTE: All fields must be completed for each inter agency payable. This will necessitate you working with other agencies.

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BUSINESS AREA NAME

BUSINESS AREA NUMBER

YEAR-END CLOSING PACKAGE

LEASES (OPERATING AND CAPITAL)

FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: To collect data on all leases of property and equipment.

PROCEDURES: Each agency should analyze each lease entered and determine if the lease is a capital lease or an operating lease. Enter operating lease information where your agency is the lessee on Form 3A. Enter capital lease information where your agency is a lessee on Form 3B. Sample journal entries to adjust accounts affected by capital leases can be found in the Long-term Debt Journal Entries section beginning on page 83.

Have you entered into any new capital leases during the period July 1, 2004, through June 30, 2005?

☐ Yes ☐ No

If yes, please provide the following information:

1. Is this asset recorded as a Capital Asset in AASIS?

☐ Yes ☐ No

2. Present value of the net minimum lease payments at inception. \$ _____

3. Have all necessary journal entries been made in AASIS for both the modified and full accrual records?
Examples include recording Other Financing Sources for modified accrual and reduction of Capital
Leases Payable by the principal expense for full accrual.

☐ Yes ☐ No

4. Have the following been sent to your agency liaison:

Copy of the lease agreement?

☐ Yes ☐ No

Amortization schedule?

☐ Yes ☐ No

INSTRUCTIONS – FORM 3A OPERATING LEASES:

Use Form 3A to list all operating leases that were in effect on June 30, 2005.

Report all operating leases with non-state agencies.

Include the following information:

- a. **Description of Lease Agreement** - enter a description of the nature and property involved in each lease agreement.
- b. **AASIS Fund Code** - enter the AASIS fund code where the payments were made.
- c. **Rental Payments year ended 6/30/05** - enter the amount of payments made in the period July 1, 2004 – June 30, 2005.

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BUSINESS AREA NAME _____

BUSINESS AREA NUMBER _____

- d. **Total Annual Rentals for the Fiscal Year Ended June 30** - enter the total annual rentals for the fiscal year ended June 30 - The total rental payments due under current lease terms for the next five fiscal years ended June 30. Be certain to include only rental for the term of the current lease. For example, if the lease expires on June 30, 2006, the columns for 2007, 2008, 2009, 2010, 2011 to 2015, etc. should be left blank

INSTRUCTIONS – FORM 3B CAPITAL LEASES PAYABLE:

List all **capital** leases that were in effect on June 30, 2005. You should include leases with the Arkansas Development Finance Authority.

Include the following information:

- a. **Description of Lease Agreement** - enter a description of the nature and property involved in each lease agreement.
- b. **Is this leased with another state agency?** - indicate whether this asset is leased from another state agency. If yes, list the agency's business area.
- c. **AASIS Fund Code** - enter the AASIS fund code.
- d. **Asset shell number in AASIS** - enter the asset shell number in AASIS.
- e. **Asset acquisition value on capitalization date** - enter the asset acquisition value on capitalization date.
- f. **Accumulated Depreciation at 6/30/05** - enter the full accrual (area 20) accumulated depreciation of the asset at June 30, 2005.
- g. **Book value of the asset at June 30, 2005** - enter the asset acquisition value less accumulated depreciation.
- h. **Future Principal Payments Due** - enter the principal portion of total minimum annual lease payments due under current lease terms for the next five fiscal years ended June 30. Be certain to include only payments for the term of the current lease. For example if the lease expires on June 30, 2006, the columns for 2007, 2008, 2009, 2010, 2011 to 2015, etc. thereafter should be left blank.
- i. **Total principal payments due** – this column will calculate automatically.
- j. **Current Portion of Total Principal Payments Due** – this column will calculate automatically.
- k. **Non-current Portion of Total Principal Payments Due** – this column will calculate automatically
- l. **Future Interest Payments Due** – the interest portion of total minimum annual lease payments due under current lease terms for the next five fiscal years ended June 30. Be certain to include only payments for the term of the current lease. For example if the lease expires on June 30, 2006, the columns for 2007, 2008, 2009, 2010, 2011 to 2015, etc. thereafter should be left blank.
- m. **Total Interest Payments Due** – this column will calculate automatically.

Total all columns.

NOT APPLICABLE ☐

FORM 3A - OPERATING LEASES

BUSINESS AREA NAME:

BUSINESS AREA NO:

(a) Description of Lease Agreement	(b) AASIS Fund Code	(c) Rental Payments year ended 6/30/05	(d) Total Annual Rentals for the Fiscal Year Ended June 30:								Total Rental Payments Due
			2006	2007	2008	2009	2010	2011-2015	2016-2020	2021-2025	
											-
											-
											-
											-
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											-
											-
											-

TOTALS: \$ - - - - - - - - - - - - - - -

Prepared By

Agency Telephone Number

Date

FORM 3B - CAPITAL LEASES PAYABLE

☐ NOT APPLICABLE

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

(a) Description of Lease Agreement	(b) Is this leased with another state agency?	(c) AASIS Fund Code	(d) Asset Shell Number in AASIS	(e) Asset Acquisition Value on Capitalization Date	(f) Accumulated Depreciation at 6/30/05	(g) Book Value at 6/30/05	(h)							(i) Total Principal Payments Due	(j) Current Portion of Total Principal Payments Due	(k) Non-current Portion of Total Principal Payments Due	
							Future Principal Payments Due										
							2006	2007	2008	2009	2010	2011-2015	2016-2020	2021-2025			
															-	-	-
															-	-	-
															-	-	-
															-	-	-
															-	-	-
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TOTALS:				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(l) Future Interest Payments Due								(m) Total Interest Payments Due
2005	2006	2007	2008	2009	2010-2014	2015-2019	2020-2024	
								-
								-
								-
								-
								-
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								-
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Prepared By

Agency Telephone Number

Date

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE CAPITAL LEASES RECEIVABLE FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE:

To list all capital leases receivable at June 30, 2005.

PROCEDURES:

Contact your CAFR liaison for assistance recording or adjusting capital leases receivable.

List all **capital leases receivable** that were in effect on June 30, 2005.

INSTRUCTIONS – FORM 3C CAPITAL LEASES RECEIVABLE

Include the following information:

- a. Description of lease agreement - A description of the nature and property involved in each lease agreement.
- b. Indicate whether this asset is leased from another state agency. If yes, list the agency's business area.
- c. AASIS fund code.
- d. Expected future principal payments - The principal portion of total minimum annual lease payments due under current lease terms for the next five fiscal years ended June 30. Be certain to include payments for the term of the current lease. For example if the lease expires on June 30, 2007, columns for 2007, 2008, 2009, 2010, 2011 to 2015, etc. thereafter should be left blank.
- e. Total principal payments due – this column will calculate automatically.
- f. Current portion of total expected future principal payments – this column will calculate automatically.
- g. Non-current portion of total expected future principal payments – this column will calculate automatically.
- h. Expected future interest payments – the interest portion of total minimum annual lease payments due under current lease terms for the next five fiscal years ended June 30. Be certain to include payments for the term of the current lease. For example if the lease expires on June 30, 2007, columns for 2007, 2008, 2009, 2010, 2011 to 2015, etc. thereafter should be left blank.
- i. Total interest payments due – this column will calculate automatically.

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STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

FORM 3C - CAPITAL LEASES RECEIVABLE ☐ NOT APPLICABLE

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

(a)	(b)	(c)	(d)								(e)	(f)	(g)
Description of Lease Agreement	Is this leased with another state agency?	AASIS Fund Code	Expected Future Principal Payments								Total Principal Payments Due	Current Portion of Total Principal Payments Due	Non-current Portion of Total Principal Payments Due
			2006	2007	2008	2009	2010	2011-2015	2016-2020	2021-2025			
											-	-	-
											-	-	-
											-	-	-
											-	-	-
											-	-	-
											-	-	-
											-	-	-

TOTALS: \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -

(h)								(i) Total Interest Payments Due
Expected Future Interest Payments								
2006	2007	2008	2009	2010	2011-2015	2016-2020	2021-2025	
								-
								-
								-
								-
								-
								-
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Prepared By

Agency Telephone Number

Date

**STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING**

BUSINESS AREA NAME:**BUSINESS AREA NUMBER:**

YEAR-END CLOSING PACKAGE

FIXED ASSETS – ALL AGENCIES

FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: To obtain a complete and comprehensive accumulation of each agency's fixed assets, including land and improvements, buildings and improvements, equipment and construction in progress. Include all capital leased assets in this section.

PROCEDURES: The attached forms will allow each agency to compile all fixed asset information for inclusion in the State's CAFR.

INSTRUCTIONS - Forms 4A and 4B CAPITAL ASSETS & DEPRECIATION:

☐ Yes ☐ No

The agency is able to answer yes to ALL items under questions # 3 on the closing status report. The preparer certifies that the information contained on the Asset History Sheet is accurate. If yes, do not prepare forms 4A & 4B.

☐ Yes ☐ No

The agency is able to answer yes to items b & c under question # 3 on the closing status report. The preparer certifies that the information related to acquisitions, retirements and transfers on the Asset History Sheet is accurate. If yes, do not prepare forms 4A & 4B.

If you responded "No" to either of the above questions complete the steps below:

- a. July 1, 2004, balance - Enter beginning balance (Note: **This must agree to the full accrual ending balance as reported in AASIS as of June 30, 2004.**)
- b. Using the Asset History Sheet (or, if reporting agency, internal asset records), total of all purchases and other additions made during the current year. This column should include postcapitalization transactions, transfers in and items received before year end but not paid for until FY06.
- c. Using the Asset History Sheet (or, if reporting agency, internal asset records) total deletions, including all retirements (items sent to M&R, lost or stolen) and transfers out.
- d. Total all columns – this row will calculate automatically.

Note: Reports generated from reporting agency GASB 34 compliant fixed asset systems that detail the same information may be substituted for the completion of Forms 4A & 4B.

Prepared by

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Date _____

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Not Applicable ☐

FORM 4A - CAPITAL ASSETS

BUSINESS AREA NAME

BUSINESS AREA NUMBER

AASIS account number	Fixed asset category	(a) July 1, 2004 Balance	(b) Additions	(c) Deletions	(d) June 30, 2005 Balance
1991310000	Land				-
1991320000	Land Improvements				-
1991330000	Easements				-
1991340000	Buildings and Building Improvements				-
1991350000	Leasehold Improvements				-
1991360000 & 1991300000	Equipment				-
1991380000	Works of Art				-
1991390000	Library holdings				-
1991400000	Other Tangible and Intangible				
1991410000	Infrastructure				-
1991430000	Capital Leases				-
1991420000	Assets Under Construction				-

(e) TOTALS: \$ - \$ - \$ - \$ -

Prepared By

Telephone Number

Date

Not Applicable ☐

BUSINESS AREA NAME

BUSINESS AREA NUMBER

(e) TOTALS:	\$	-	\$	-	\$	-	\$	-
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Date _____

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____
YEAR-END CLOSING PACKAGE
GRANT/CONTRIBUTION REVENUES
FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: To identify grants and/or contributions, which are restricted in whole or partially for the acquisition of capital assets. To also identify any grants which do not restrict any specific amounts to specific programs. GASB 34 requires that capital grants and operating grants be reported in separate columns on the financial statements. We are only requesting information on capital grants which are \$50,000 or greater. We will assume that all grants not reported on Form 5A are operating grants or are immaterial capital grants, which do not meet the \$50,000 threshold. GASB 34 also requires the grants awarded that do not restrict specific amounts to specific programs be reported as general revenues as opposed to program revenue in the government wide financial statements.

PROCEDURES:
Capital grants/contributions are grants or contributions, which are to be used to purchase or construct capital assets.

Does your agency have any capital grants and/or contributions?
If yes, see instructions for Form 5A, which immediately follow.

☐ Yes ☐ No

Does your agency have any grants that do not restrict any specific amounts to specific programs? Your agency would be able to allocate the grant revenue amount to any program at its discretion. Programs will be defined as: education; health and human services; transportation; law, justice, and public safety; recreation and resource development; general government; and labor, commerce, and regulatory.

☐ Yes ☐ No

If yes, see instructions for Form 5B.

INSTRUCTIONS – FORM 5A CAPITAL GRANTS

Agencies who are recipients of grants and/or contributions which are **required** to be used to purchase or construct capital assets should complete form 5A. Grants which are partially required to be used for capital asset acquisition should be reported also. Grants which **may** be used for either operating expenses or capital grants should **not** be reported as a capital grant.

- a. AASIS Fund Code
- b. Description of grant/contribution
- c. CFDA number, if a federal grant

STATE OF ARKANSAS
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OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

- d. Grant/contribution amount received and/or accrued – include actual cash receipts of funds plus amounts recorded as receivable at June 30, 2005, less amounts recorded as receivable at June 30, 2004.

- e. Amount of grant/contribution used to acquire capital assets – list the amount of the grant/contribution, which was used to purchase or construct capital assets. (Capital assets include equipment, buildings, highways, etc.) This line will equal line 6 if the grant was entirely for capital asset acquisition. If only a portion of the amount reported on line 6 was required to be used for capital assets, then list that amount on this line. Once again, only include capital grants, which are \$50,000 or more.

INSTRUCTIONS FORM 5B – UNRESTRICTED GRANTS

- a. AASIS Fund Code

- b. Description of Grant

- c. Amount of Grant – List amount of grant, only include grants which do not restrict specific amounts to specific programs.

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Not Applicable ☐

FORM 5A - CAPITAL GRANTS

BUSINESS AREA NAME:
BUSINESS AREA NUMBER:

(a)	(b)	(c)	(d)	(e)
Fund Code	Description of Grant	CFDA #, If applicable	Grant Amount Received and/or Accrued	Amount of Grant Used to Acquire Capital Assets

Prepared ByTelephone No.Date

FORM 5B - UNRESTRICTED CAPITAL GRANTS

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

(a) Fund Code	(b) Description of Grant	(c) Grant Amount

Prepared By

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Date

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DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END CLOSING PACKAGE

COMMITMENTS

FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: To identify commitments, which have been entered into as of the end of the fiscal year.

PROCEDURES: A commitment is the promise of a future exchange which often takes the form of a contract. The amount of the commitment represents the total amount committed less any payments made or liabilities (payables) incurred for the commitment. Please only provide information on contracts and other commitments in the amount of **\$50,000 or greater**. We will assume that all contracts and other commitments not on Form 6 are immaterial commitments and do not meet the \$50,000 threshold.

INSTRUCTIONS – FORM 6 COMMITMENTS

Use Form 6 to list all commitments in effect on June 30, 2005.

Report all commitments over \$50,000. Commitments should be included even if they extend beyond the 2005 fiscal year.

Include the following information on Form 6:

- a. AASIS Fund Code
- b. Project number – include the project number assigned to the commitment in AASIS, if applicable.
- c. Description of commitment/contract
- d. Description of the purpose of the commitment/ contract (most commonly construction or professional services)
- e. Amount – include total amount of the commitment/contract at June 30, 2005, less amounts paid or recorded as liabilities at June 30, 2005.

For example, if your agency has a contract with ABC Construction, Inc. to construct XYZ Building over a three year time period for \$350,000 and your agency has made payments of \$100,000 in FY 2004 and \$100,000 in FY 2005 for work completed on the contract to ABC Construction, Inc., you might enter “3 year Construction Contract with ABC Construction, Inc.” as the Description of the Contract (item c), “Construction of XYZ Building” as the Purpose of the Commitment (item d) and “\$150,000” (the total contract amount - \$350,000, less payments made - \$200,000) as the amount of the commitment (item e). Any contract amounts recorded as accounts payable or retainage payable as of June 30 each year should be considered as payments made since that expense has already been recorded in the financial statements.

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NOT APPLICABLE ☐

FORM 6 COMMITMENTS

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

(a) Fund Code	(b) Project Number	(c) Description of Contract/Commitment	(d) Purpose of Commitment	(e) Amount

Prepared By

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Date

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DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____

BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
MISCELLANEOUS DISCLOSURES
FISCAL YEAR ENDED: JUNE 30, 2005

- 1 Has your agency been the recipient of any endowments? ☐ Yes ☐ No
If yes, please provide the total amount of endowments received by your agency. _____
If yes, also please provide the net appreciation on investments available for expenditure. _____

- 2 A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated or governed by two or more participants as separate and specific activity subject to joint control, in which the participants retain a) an ongoing financial interest or b) an ongoing financial responsibility. Generally, the purpose of a joint venture is to pool resources and share the costs, risks and rewards of providing goods or services to the joint venture participants directly, or the benefit of the public or specific service recipients.

Does your agency participate in any joint ventures? ☐ Yes ☐ No
If yes, please provide the name(s) of the joint venture(s), with a brief description of the purpose of the joint venture(s) in which your agency participates.

- 3 Reverse repurchase agreements are agreements in which a broker-dealer or a financial institution would transfer cash to a governmental entity in exchange for securities; the governmental entity would promise to repay the cash plus interest in exchange for the same or different securities at a later date. Did your agency have any reverse repurchase agreements during the fiscal year ending June 30, 2005?

Did your agency have any reverse repurchase agreements during the fiscal year ending June 30, 2005?
☐ Yes ☐ No

If yes, please provide the total amount of reverse repurchase agreements held by your agency during the fiscal year ending June 30, 2005. \$ _____

- 4 Securities lending transactions are transactions in which securities are transferred to another entity for collateral (generally cash, securities or letters of credit) and simultaneously agree to return the collateral for the same securities at a future date.

Did your agency have any securities lending transactions during the fiscal year ending June 30, 2005?
☐ Yes ☐ No

If yes, please provide the total amount of securities lending transactions held by your agency during the fiscal year ending June 30, 2005. \$ _____

- 5 Are there any other items concerning your agency which should be disclosed in accordance with the management representation letter?

☐ Yes ☐ No (If yes, please attach a brief summary describing such items)

BUSINESS AREA NUMBER:

(If yes, please contact your CAFR Liaison for further guidance.)

--

Restrictions imposed by law through constitutional provisions or enabling legislation (including enabling legislation passed by the government itself)

Other

If you need additional space, provide a separate listing.

Date _____

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
LEGAL COUNSEL
FISCAL YEAR ENDED: JUNE 30, 2005

1 Provide a list of your agency's In-House Counsel.

☐ N/A CHECK IF NOT APPLICABLE

2 Provide a list of outside legal counsel engaged from July 1, 2004, through June 30, 2005. This list should include general counsel retained for the defense of the agency but not counsel engaged for other matters, such as collection of bad debts. For each firm listed, please provide firm address and phone number and attorney contact.

☐ N/A CHECK IF NOT APPLICABLE

Prepared By

Agency Telephone Number

Date

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
CLAIMS AND JUDGMENTS/CONTINGENCIES QUESTIONNAIRE
FISCAL YEAR ENDED: JUNE 30, 2005

INSTRUCTIONS:

Your responses to this questionnaire should include matters that existed at June 30, 2005. **Please make copies and complete this questionnaire for every contingency** meeting the following guidelines. You should only include those individual contingent liabilities that are reasonably estimated to be equal to or in excess of \$500,000.

☐ N/A CHECK IF NOT APPLICABLE

QUESTIONNAIRE:

1. For those contingencies individually in excess of \$500,000 regarding pending or threatened litigation, asserted and unasserted claims and assessments outstanding at June 30, 2005, or which have arisen since that date, please answer the following:

a. Type of contingency.

b. The nature of each matter.

c. The progress of each matter to date.

d. How the State is responding to or intends to respond to the matter (for example, to contest the case vigorously or intends to seek an out-of-court settlement).

e. An evaluation of the likelihood (either REMOTE, REASONABLY POSSIBLE, OR PROBABLE) of an unfavorable outcome and an estimate, if one can be made, of the amount or range of the potential loss.

LIKELIHOOD OF OUTCOME:

POTENTIAL LOSS OF ESTIMATE:

f. Was the likelihood of outcome and estimate arrived at by the Arkansas Office of Attorney General, Arkansas Claims Commission, In-House Counsel, or Outside Counsel?

g. The civil action number and location of the court, where applicable.

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BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
CLAIMS AND JUDGMENTS/CONTINGENCIES QUESTIONNAIRE
FISCAL YEAR ENDED: JUNE 30, 2005

2. For those contingencies individually **less than \$500,000**, regarding pending or threatened litigation, asserted and unasserted claims and assessments outstanding at June 30, 2005, please list the number of contingencies and the total estimated liability.

a. Total number of claims less than \$500,000.

b. Total estimated liability for all individual claims less than \$500,000.

3. Such explanation as you consider appropriate concerning: **judgments rendered or settlements made**, if any, from July 1, 2004, through the date of your response.

4. For litigation reported on the June 30, 2004 closing book form that is not reported on this form, please describe whether the action was dismissed, settled, not currently outstanding, etc., for each of these litigation matters.

Please return any supporting documentation along with this questionnaire.

Prepared by

Agency Telephone Number

Date

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
COMPLIANCE WITH LAWS AND REGULATIONS
FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: In connection with the audit of the CAFR, the independent auditors are required to evaluate the State’s compliance with federal, state, and local laws and regulations which may have a material effect on the financial position or results of the State.

INSTRUCTIONS: It is imperative that each agency identify those laws and regulations of which non-compliance could have a material effect on the State’s Comprehensive Annual Financial Report. We have defined material as being \$500,000 or more. Identify those laws and regulations that could result in a \$500,000 effect on the State’s financial statements, should your agency be in non-compliance. Please list each law and/or regulation separately and the appropriate authoritative source. If necessary consult with your in-house counsel or legislative auditor. ***Do not respond by saying that you are in compliance with all laws and regulations. We are specifically looking for the identification of those laws and regulations that might have a material effect if your agency did not comply with the law or regulation. Any closing book returned without the appropriate completion of this section will be considered incomplete .***

Please provide the following supplemental information:

- 1. A listing of those federal and state laws and regulations with which noncompliance may have a material effect on the financial position or results of your agency. The list should include laws and/or regulations which are specific to your agency (i.e. guideline regarding grants received, revenue collection guidelines, etc.) and should exclude laws and regulations which apply to all state agencies (i.e. state purchasing regulations, federal or state environmental laws, Fair Labor Standards Act, etc.). If there are no laws or regulations which an event of noncompliance could effect your agency’s financial position by \$500,000 or more, then please state such in the space provided below.

- 2. A listing of known instances of non-compliance, if any, during the fiscal year ending June 30, 2005, as well as through the date of your response.

Prepared by

Agency Telephone Number

Date

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
FRAUD RISK ASSESSMENT
FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: In connection with the audit of the CAFR, the independent auditors are required to assess the risk of material misstatement of the financial statements due to fraud. They are also required to make specific inquiries of the agencies to obtain their understanding regarding the risk of fraud within the agencies and to determine whether they have knowledge of fraud that has been perpetrated on or within the agencies.

INSTRUCTIONS:

Complete the following checklist by placing an "x" in the blank corresponding to risk factors that exist at your agency:

Management’s Characteristics and Influence over the Control Environment

1. Motivation for management to engage in fraudulent financial reporting
- a. A significant portion of management’s compensation represented by bonuses or other incentives, the value of which is contingent upon the agency achieving unduly aggressive targets for operating results, financial position or cash flow

- b. A significant portion of agency-wide, department, federal financial assistance programs, or fund management compensation or performance appraisals linked to budgetary or program accomplishments or other incentives, the value or results of which are contingent upon the agency achieving unduly aggressive targets for budgetary or operating results

- c. An excessive interest in meeting or exceeding the agency’s budgetary targets or maintaining fund balance or debt coverage requirements through the use of unusually aggressive accounting practices

- d. Practice by management of committing to creditors and other third parties to achieve what appear to be unduly aggressive or clearly unrealistic forecasts

- e. Substantial political pressure on management creates an undue concern about reporting positive financial accomplishments

2. Failure by management to display and communicate an appropriate attitude regarding internal control and the financial reporting processes
- a. Ineffective means of communicating and supporting the agency’s values or ethics, or communication of inappropriate values or ethics

- b. An ineffective or nonexistent means of communicating and supporting the agency’s accountability for public resources and ethics, especially regarding such matters as acceptable business practices, conflicts of interests, and codes of conduct

- c. Domination of management by a single person or small group without compensating controls such as effective oversight by the board of directors

- d. Inadequate monitoring of significant controls

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
FRAUD RISK ASSESSMENT
FISCAL YEAR ENDED: JUNE 30, 2005

- e. Management failing to correct known reportable conditions on a timely basis _____
- f. Management setting unduly aggressive financial targets and expectations for operating personnel _____
- g. Management displaying a significant disregard for regulatory authorities _____
- h. Management displaying or conveying an attitude of disinterest regarding strict adherence to federal financial assistance rules and regulations such as those related to participant eligibility, benefit determinations, or eligibility _____
- i. Management continuing to employ an ineffective accounting, information technology or internal auditing staff _____
- j. A governing body that lacks appropriate background knowledge or experience regarding the function and responsibilities of government _____
- k. Lack of established policies or controls related to investment risk levels _____
- 3. Nonfinancial management’s excessive participation in, or preoccupation with, the selection of accounting principles or the determination of significant estimates
 - a. An individual or individuals with no apparent executive position(s) with the agency appear to exercise substantial influence over its affairs or over individual departments, federal financial assistance programs, or funds (for example, a major political donor or fundraiser, or a major employer in the community) _____
- 4. High turnover of senior management, counsel, or board members _____
- 5. Strained relationship between management and the auditor _____
 - a. Frequent disputes with the auditor on accounting, auditing, or reporting matters _____
 - b. Unreasonable demands on the auditor including unreasonable time constraints regarding the completion of the audit or the issuance of the auditor’s reports _____
 - c. Formal or informal restrictions on the auditor that inappropriately limit his or her access to people or information or his or her ability to communicate effectively with the board of directors _____
 - d. Domineering management behavior in dealing with the auditor, especially involving attempts to influence the scope of the auditor’s work _____
- 6. Known history of securities law violations or claims against the agency or its senior management alleging fraud or violations of securities laws _____

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
FRAUD RISK ASSESSMENT
FISCAL YEAR ENDED: JUNE 30, 2005
Industry Conditions

- 1. New accounting, statutory, or regulatory requirements that could impair the financial stability or profitability of the agency _____
 - a. Imminent or anticipated adverse changes in major program legislation or regulations that could impair the financial stability or profitability of the agency _____
- 2. High degree of competition or market saturation, accompanied by declining margins _____
 - a. High degree of competition for federal financial assistance funding especially when accompanied by declining availability of federal financial assistance funding nation-wide or region-wide _____
- 3. Declining industry with increasing business failures and significant declines in customer demand _____
 - a. Major taxpayers in declining industries or tenuous financial condition _____
 - b. Declining property values or tax base or other restrictions on revenue recognition or realization _____
 - c. Declining federal financial assistance program funding, declining program participant populations, or declining benefits amounts _____
 - d. The agency is experiencing a stagnant tax base or revenue base, declining enrollments, or declining demand or use _____
- 4. Rapid changes in the industry, such as high vulnerability to rapidly changing technology or rapid product obsolescence _____
 - a. Rapid changes in major taxpayers' industries such as significant technology changes, customer bases, or product obsolescence _____
 - b. Rapid changes in federal financial assistance programs, such as significant centralization or decentralization initiatives, funding shifts from federal to state or local levels, increases or decreases in participant populations, high vulnerability to significant changes in compliance requirements, or pending program elimination _____
 - c. Threat of imminent program termination or significant reduction in scope, the effect of which could have a material financial impact on the agency _____

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
FRAUD RISK ASSESSMENT
FISCAL YEAR ENDED: JUNE 30, 2005
Operating Characteristics and Financial Stability

- 1. Inability to generate cash flows from operations while reporting earnings and earnings growth _____
- 2. Significant pressure to obtain additional capital necessary to stay competitive considering the financial position of the agency - including the need for funds to finance major research and development or capital expenditures _____
 - a. Significant pressure to obtain additional funding necessary to stay viable and maintain levels of service considering the financial or budgetary position of the agency or of a specific fund or program, including need for funds to finance major infrastructure improvements or other capital expenditures _____
- 3. Assets, liabilities, revenues, or expenses based on significant estimates that involve unusually subjective judgements or uncertainties, or that are subject to potential disruptive effect on the agency - such as the ultimate collectibility of receivables, timing of revenue recognition, realizability of financial instruments based on the highly subjective valuation of collateral or difficult-to-assess repayment sources, or significant deferral of costs _____
- 4. Significant related party transactions not in the ordinary course of business or with related entities not audited or audited by another firm _____
- 5. Significant, unusual, or highly complex transactions, especially those close to year end, that pose difficult "substance over form" questions _____
- 6. Overly complex organizational structure involving numerous or unusual legal entities, managerial lines of authority, or contractual arrangements without apparent business purpose _____
 - a. Significant subrecipient or subcontract relationships for which there appears to be no clear programmatic or business justification (for example, a subrecipient providing services it does not appear qualified to provide, or a vendor geographically distant from the agency when nearby vendors are available) _____
- 7. Difficulty in determining the organization or individual(s) that control(s) the agency _____
- 8. Especially high vulnerability to changes in interest rates _____
- 9. Unusually high dependence on debt or marginal ability to meet debt repayment requirements; debt covenants that are difficult to maintain _____
 - a. Threat of imminent third-party funding termination or significant reduction in third-party funding levels, the effect of which could be financially material to the agency _____

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
FRAUD RISK ASSESSMENT
FISCAL YEAR ENDED: JUNE 30, 2005

- 10. Unrealistically aggressive sales or profitability incentive programs _____
 - a. Unrealistically aggressive budget or program goals _____
- 11. Adverse consequences on significant pending transactions, such as a business combination or contract award, if poor financial reports are reported _____
- 12. A mix of fixed price and cost reimbursable program types funded by third parties that create incentives to shift costs or otherwise manipulate accounting transactions _____
- 13. Significant investments in high risk financial instruments or high risk ventures _____

Susceptibility of Assets to Misappropriation

- 1. Large amounts of cash being processed or cash on hand _____
- 2. Inventory characteristics, such as small size, high value or high demand _____
- 3. Easily convertible assets, such as bearer bonds, food stamps, or computer equipment _____
- 4. Fixed asset characteristics, such as small size, marketability, or lack of ownership identification _____

Internal Controls

- 1. Lack of appropriate management oversight (for example, inadequate supervision or monitoring of remote locations) _____
- 2. Lack of job applicant screening procedures relating to employees with access to assets susceptible to misappropriation _____
- 3. Inadequate record keeping with respect to assets susceptible to misappropriation _____
- 4. Lack of appropriate segregation of duties or independent checks, especially in areas such as purchasing, eligibility determination, and benefits awards _____
- 5. Lack of appropriate system of authorization and approval of transactions such as purchasing, benefit determinations, and eligibility _____
- 6. Poor physical safeguards over cash, investments, inventory, or fixed assets _____
- 7. Lack of timely and appropriate documentation for transactions such as eligibility and benefit determinations _____
- 8. Lack of mandatory vacations for employees performing key control functions _____

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

BUSINESS AREA NAME: _____
BUSINESS AREA NUMBER: _____

YEAR-END CLOSING PACKAGE
FRAUD RISK ASSESSMENT
FISCAL YEAR ENDED: JUNE 30, 2005
Financial Stress of Employees or Adverse Relationships Between the Entity and its Employees

- 1. Anticipated future employee layoffs that are known to the work force _____
- 2. Employees with access to assets susceptible to misappropriation who are known to be dissatisfied _____
- 3. Known unusual changes in behavior or lifestyle of employees with access to assets susceptible to misappropriation _____
- 4. Known personal financial pressures affecting employees with access to assets susceptible to misappropriation _____

Prepared by

Agency Telephone Number

Date

State of Arkansas

Year-end Debt Closing Package

June 30, 2005

Business Area Name

Business Area Number

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END DEBT CLOSING PACKAGE GENERAL INSTRUCTIONS FISCAL YEAR ENDED: JUNE 30, 2005

This closing book was prepared to facilitate the collection, transmission, and compilation of financial information from the various State of Arkansas (the "State") departments, agencies, and entities to the Department of Finance and Administration - Office of Accounting - CAFR Section ("DFA-OA-CAFR") which will permit the preparation of the State's financial statements in accordance with generally accepted accounting principles ("GAAP").

AGENCY RESPONSIBILITIES

The various state agencies, departments, and entities are each responsible for safeguarding assets in its charge, the execution of only properly authorized transactions, and the maintenance of the necessary financial information to document the discharge of its responsibilities. Therefore, the primary responsibility for the collection, maintenance, recording, and transmission of information to permit DFA to prepare GAAP financial statements lies with each agency.

DFA-OA-CAFR has prepared this GAAP 2005 Year-end Debt Closing Package to assist each entity with the collection and transmission of information which will permit the long-term debt note preparation of the State of Arkansas Comprehensive Annual Financial Report ("CAFR").

It is imperative that agencies and institutions also maintain 1) an adequate internal control structure to reduce the risk that errors or irregularities may occur and not be corrected timely in the normal course of agency staff business, and 2) an audit trail so that the independent auditor can readily trace GAAP information transmitted to DFA-OA-CAFR and amounts recorded in AASIS to the original source transaction information. Therefore, each agency and institution should tailor the GAAP compilation process to its own circumstances and document those processes for future training or audits.

Note: All transactions must be entered into AASIS. This book is to be used to prepare the 'notes to the financial statements. Schedules may be used for supporting documentation for items 15, 16, and 17 of the Closing Status Report.

If your agency has entered into a new loan or issued bonds, please complete the Year-end Debt Closing Package

Our records indicate that these agencies have debt that should be reported in this book. :

Notes/Loans

Arkansas Building Authority
Department of Corrections
State Police
Health Department
Parks & Tourism
Revenue Building Commission
Arkansas Department of Environmental Quality

Bonds

Highway Department
Soil and Water
Department of Higher Education
Department of Workforce Education

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END DEBT CLOSING PACKAGE DEBT SERVICE INSTRUCTIONS FISCAL YEAR ENDED: JUNE 30, 2005

PURPOSE: To collect data on all long-term debt.

ACCOUNTING POLICY: Under GASB 34, the long-term debt of the State will be accounted for government fund types in the Government-Wide Financial Statements. The general long-term debt account group ("GLTDAG") will no longer be used to account for un-matured long-term indebtedness that has not been identified as a specific fund liability of a proprietary or trust fund. All long-term debt will now be identified as a liability of fund 7006101. Besides general obligation debt instruments (i.e., bonds, notes, and warrants), revenue bonds that will be repaid from general government resources, special revenue bonds, and certain liabilities that normally are expected to be repaid over more than one year would be included as long-term debt.

PROCEDURE: Each agency maintains its own records regarding long-term debt. Form 1 DS (see tab Form 1 DS) will allow you to report all of the debt of your agency (bonds or notes payable).

FORM 1 DS: ROLLFORWARD OF LONG-TERM DEBT **See Tab: Page 5 - Form 1 DS**

INSTRUCTIONS:

1. If in fiscal year 2005 your agency had a new issue, enter the appropriate fund where the proceeds are recorded.
2. Enter the appropriate fund number where the principal payments are recorded. The actual liability will be recorded in fund 7006101.
3. Description - Enter a description of the bond issue, including series number.
4. Description of use of debt proceeds - Describe what the proceeds were used for such as highway construction.
5. Unspent proceeds - Record the balances that are committed but not spent as of 6/30/05.
6. Interest rate - Record the interest rate, or range of rates, at issuance.
7. Date interest was last paid prior to June 30, 2005.
8. Accrued interest - Calculate and enter the accrued interest payable as of 6/30/05 if applicable.
9. Maturity date - Record maturity date, or range of dates, of issue.
10. Balance 7-1-04 - Record the balance of the issue as of July 1, 2004. **(Note: This must agree to the ending balance as reported in AASIS as of June 30, 2004)**

STATE OF ARKANSAS

**DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING**

**YEAR-END DEBT CLOSING PACKAGE
DEBT SERVICE INSTRUCTIONS
FISCAL YEAR ENDED: JUNE 30, 2005**

**FORM 1 DS: ROLLFORWARD OF LONG-TERM DEBT
See Tab: Page 5 - Form 1 DS**

INSTRUCTIONS CONTINUED:

11. Debit issued - Record the balance of new debt issued between July 1, 2004 and June 30, 2005.
12. Debt repaid - Record the amount of scheduled payments repaid between July 1, 2004, and June 30, 2005.
13. Partial payments - Record the amount of unscheduled additional principal prepaid between July 1, 2004, and June 30, 2005.
14. Debt defeased - Record the amount of debt defeased between July 1, 2004, and June 30, 2005.
15. Accreted interest - Record the amount of accreted interest between July 1, 2004, and June 30, 2005.
16. Other - Record any other increase/decrease in each debt issue. The increase/decrease should be explained on an attached sheet.
17. Balance 6/30/05 - Record the balance at June 30, 2005. This is calculated using the following formula: (column 10 + column 11 - column 12 - column 13 - column 14 +/- column 15 and 16)

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING
ROLLFORWARD OF LONG-TERM DEBT

BUSINESS AREA NUMBER:

Not Applicable ☐

[illegible]

TOTALS:

\$ -

\$ -

§ -

\$ -

\$ -

§ -

\$ -

\$ -

\$ -

*** Note - This must agree to the Ending Balance as reported on the June 30, 2004, AASIS trial balance.**

Prepared By

Agency Telephone Number

Date

STATE OF ARKANSAS

**DEPARTMENT OF FINANCE AND A
OFFICE OF ACCOUNTING**

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

YEAR-END DEBT CLOSING PACKAGE

DEBT SERVICE - SUPPLEMENTAL

FISCAL YEAR ENDED: JUNE 30, 2005

For each issue, please include the following:

- a. Name _____
- b. Address _____
- c. Contact person _____
- d. Phone number _____

Has your agency prepaid any long-term debt?

☐ Yes ☐ No

If yes, please provide a general description of the debt which remains outstanding as of June 30, 2005, by placing the proceeds of new bonds in lieu of payments of old bonds.)

Balance: _____

Description: _____

If your agency defeased debt through a sinking fund, please describe the following:

The difference in cash flows

The economic gain or loss realized

Arbitrage Rebate Liability - The interest on tax-exempt income tax. State governments sometimes issue higher-yielding taxable securities. The interest on these securities resulting from arbitrage must be rebated to the state over each five-year period that tax-exempt bonds are outstanding. Has your agency issued tax-exempt bonds?

☐ Yes ☐ No

If yes, who performs your arbitrage rebate calculations? What amount is owed at June 30, 2005, and penalties?

ADMINISTRATION

AGE INFORMATION TO FORM 1DS 005

owing trustee information

m debt in the past that qualifies as an insubstance defeasance?

ption of the defeasance and the amount of insubstance defeased
June 30, 2005. (In prior years, the State defeased certain bonds
in irrevocable trusts to provide for all future debt service

an advance refunding in the current fiscal year, please provide

s to service the old debt and those required to service the new debt.

resulting from the advance refunding.

est paid on most debt issued by state governments is exempt from federal
imes temporarily reinvest the proceeds of such tax-exempt debt in materially
e federal tax code refers to this practice as *arbitrage*. Any excess earnings
ed to the federal government. Arbitrage is calculated and rebated at the end
pt debt is outstanding (90 % of the amount due), as well as at maturity.
onds that require rebate calculations?

bate calculation? _____
5 or when the last calculation was performed, including interest

STATE OF ARKANSAS

**DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING**

**YEAR-END DEBT CLOSING PACKAGE
DEBT SERVICE - SCHEDULE OF FUTURE OF PAYMENTS
FISCAL YEAR ENDED: JUNE 30, 2005**

FORM 1A DS: SCHEDULE OF PRINCIPAL PAYMENTS

See Tab: Page 8 - Form 1A DS

INSTRUCTIONS:

Complete Form 1A DS for **principal payments** on each bond issue listed on Form 1 DS:

1. Description - Enter a description of the bond issue, including series number.
2. Total principal payments due for the fiscal year ended June 30 - Record principal to be paid 2006 through 2010. Then record the remaining principal in five-years increments.
3. Total principal payments due - Total all columns across. **This amount should agree to the Balance at June 30, 2005, as recorded on Form 1 DS.**

FORM 1B DS: SCHEDULE OF INTEREST PAYMENTS

See Tab: Page 9 - Form 1B DS

INSTRUCTIONS:

Complete Form 1B DS for **interest payments** on each bond issue listed on Form 1 DS:

1. Description - Enter a description of the bond issue, including series number.
2. Total interest payments due for the fiscal year ended June 30 - Record principal to be paid 2006 through 2010. Then record the remaining principal in five-years increments.
3. Total interest payments due - Total all columns across.

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING
LONG-TERM DEBT - SCHEDULE OF PRINCIPAL PAYMENTS

BUSINESS AREA NAME:
BUSINESS AREA NUMBER:

Not Applicable ☐

	Total Principal Payments due for the Fiscal Year Ended June 30:										(12) Total Principal Payments Due *
(1) Description	(2) 2006	(3) 2007	(4) 2008	(5) 2009	(6) 2010	(7) 2011-2015	(8) 2016-2020	(9) 2021-2025	(10) 2026-2030	(11) 2031-2035	

TOTALS:

* - The amounts in this column should agree to the Balance at June 30, 2005, as recorded on Form 1 DS column 17.

Prepared By

Agency Telephone Number

Date

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING
LONG-TERM DEBT - SCHEDULE OF INTEREST PAYMENTS

BUSINESS AREA NAME:
BUSINESS AREA NUMBER:

Not Applicable ☐

(1) Description	Total Interest Payments due for the Fiscal Year Ended June 30:										(12) Total Interest Payments Due
	(2) 2006	(3) 2007	(4) 2008	(5) 2009	(6) 2010	(7) 2011-2015	(8) 2016-2020	(9) 2021-2025	(10) 2026-2030	(11) 2031-2035	

TOTALS:

Prepared ByAgency Telephone NumberDate

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

YEAR-END DEBT CLOSING PACKAGE

ROLLFORWARD OF BOND DISCOUNT, PREMIUM ISSUANCE COSTS AND DEFERRED LOSS ON
EARLY RETIREMENT

FISCAL YEAR ENDED: JUNE 30, 2005

FORM 2 DS: ROLLFORWARD OF BOND DISCOUNT, PREMIUM
ISSUANCE COSTS AND DEFERRED LOSS ON EARLY RETIREMENT

See Tab: Page 11 - Form 2 DS

INSTRUCTIONS:

Column	
1	Enter the appropriate fund where the proceeds are recorded.
2	Enter the appropriate fund number where the amortization is recorded. (Will be recorded in fund 7006101)
3	Description - Enter a description of the bond issue, including series number.
4, 8, 12, 16	Balance 7/1/04 - Record the balance of the unamortized bond discount, unamortized bond premium, unamortized bond issuance costs and unamortized deferred loss on early retirement as of July 1, 2004 where applicable. (Note: This must agree to the ending balance as reported in AASIS as of June 30, 2004)
5, 9, 13, 17	If in fiscal year 2005 your agency had a new issue, record the unamortized bond discount, unamortized bond premium, unamortized bond issuance costs, and unamortized deferred loss on early retirement where applicable.
6, 10, 14, 18	Amortization - Record the fiscal year 2005 amortization for the unamortized bond discount, unamortized bond premium, unamortized bond issuance costs and unamortized deferred loss on early retirement where applicable.
7, 11, 15, 19	Balances as of 6/30/05 - Record the balance at June 30, 2005. This is calculated using the following formulas: Bond Discount - (column 4 + column 5 - column 6) = column 7 Bond Premium - (column 8 + column 9 - column 10) = column 11 Bond Issuance Costs - (column 12 + column 13 - column 14) = column 15 Deferred Loss on Early Retirement - (column 16 + column 17 - column 18) = column 19

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

ROLLFORWARD OF BOND DISCOUNT, BOND PREMIUM, BOND ISSUANCE COSTS & DEFERRED LOSS ON EARLY RETIREMENT

BUSINESS AREA NAME:**BUSINESS AREA NUMBER:**[illegible]**TOTALS:**

NOT APPLICABLE			
(4)	(5)	(6)	(7)
BOND DISCOUNT			
Balance at 7-1-04 *	Bond Discount on New Issues	Amortization of Bond Discount	Balance of Bond Discount 6/30/2005
\$ -	\$ -	\$ -	\$ -

NOT APPLICABLE			
(8)	(9)	(10)	(11)
BOND PREMIUM			
Balance at 7-1-04 *	Bond Premium on New Issues	Amortization of Bond Premium	Balance of Bond Premium 6/30/2005
\$	- \$	- \$	- \$

^ Will always be Fund 7006101.

*** Note - This must agree to the Ending Balance as reported on the June 30, 2004, AASIS trial balance.**

Prepared By _____

Agency Telephone Number

Date _____

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

ROLLFORWARD OF BOND DISCOUNT, BOND PREMIUM, BOND ISSUANCE COSTS & DEFERRED LOSS ON EARLY RETIREMENT

BUSINESS AREA NAME:**BUSINESS AREA NUMBER:**[illegible]**TOTALS:**

NOT APPLICABLE			
(12)	(13)	(14)	(15)
BOND ISSUANCE COSTS			
Balance at 7-1-04 *	Bond Issuance Costs on New Issues	Amortization of Bond Issuance Costs	Balance of Bond Issuance Costs 6/30/2005
\$	- \$	- \$	- \$

NOT APPLICABLE			
(16)	(17)	(18)	(19)
DEFERRED LOSS ON EARLY RETIREMENT			
	Deferred Loss on Early Retirement on New Issues	Amortization of Deferred Loss on Early Retirement	Balance of Deferred Loss on Early Retirement 6/30/2005
Balance at 7-1-04 *			
\$	- \$	- \$	- \$

^ Will always be Fund 7006101.

*** Note - This must agree to the Ending Balance as reported on the June 30, 2003, AASIS trial balance.**

Prepared By _____

Agency Telephone Number

Date _____

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF ACCOUNTING

YEAR-END DEBT CLOSING PACKAGE

ROLLFORWARD OF BOND DISCOUNT, PREMIUM ISSUANCE COSTS AND DEFERRED LOSS ON EARLY RETIREMENT

FISCAL YEAR ENDED: JUNE 30, 2005

INSTRUCTIONS:

FORM 2A DS: SCHEDULE OF UNAMORTIZED BOND DISCOUNT

See Tab: Page 14- Form 2A DS

Complete Form 2A DS for amortization of **unamortized bond discount** on each bond issue listed on Form 2 DS:

1. Description - Enter a description of the bond issue, including series number.
2. Total amortization due for the fiscal year ended June 30 - Record amortization to be recorded 2006 through 2010. Then record the remaining principal in five-years increments.
3. Total amortization - Total all columns across. **This amount should agree to the Balance at June 30, 2005, as recorded on Form 2 DS.**

FORM 2B DS: SCHEDULE OF UNAMORTIZED BOND PREMIUM

See Tab: Page 15- Form 2B DS

Complete Form 2B DS for amortization of **unamortized bond premium** on each bond issue listed on Form 2 DS:

1. Description - Enter a description of the bond issue, including series number.
2. Total amortization due for the fiscal year ended June 30 - Record amortization to be recorded 2006 through 2010. Then record the remaining principal in five-years increments.
3. Total amortization - Total all columns across. **This amount should agree to the Balance at June 30, 2005, as recorded on Form 2 DS.**

FORM 2C DS: SCHEDULE OF UNAMORTIZED BOND ISSUANCE COSTS

See Tab: Page 16 - Form 2C DS

Complete Form 2C DS for amortization of **unamortized bond issuance costs** on each bond issue listed on Form 2 DS:

1. Description - Enter a description of the bond issue, including series number.
2. Total amortization due for the fiscal year ended June 30 - Record amortization to be recorded 2006 through 2010. Then record the remaining principal in five-years increments.
3. Total amortization - Total all columns across. **This amount should agree to the Balance at June 30, 2005, as recorded on Form 2 DS.**

STATE OF ARKANSAS

**DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING**

YEAR-END DEBT CLOSING PACKAGE

**ROLLFORWARD OF BOND DISCOUNT, PREMIUM ISSUANCE COSTS AND DEFERRED LOSS
ON EARLY RETIREMENT**

FISCAL YEAR ENDED: JUNE 30, 2005

INSTRUCTIONS CONTINUED:

**FORM 2D DS: SCHEDULE OF UNAMORTIZED DEFERRED LOSS ON
EARLY RETIREMENT**

See Tab: Page 17- Form 2D DS

Complete Form 2D DS for amortization of **unamortized deferred loss on early retirement** on each bond issue listed on Form 2 DS:

1. Description - Enter a description of the bond issue, including series number.
2. Total amortization due for the fiscal year ended June 30 - Record amortization to be recorded 2006 through 2010. Then record the remaining principal in five-years increments.
3. Total amortization - Total all columns across. **This amount should agree to the Balance at June 30, 2005, as recorded on Form 2 DS.**

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING
LONG-TERM DEBT - SCHEDULE OF UNAMORTIZED BOND DISCOUNT

BUSINESS AREA NAME:
BUSINESS AREA NUMBER:

Not Applicable ☐

	Total Unamortized Bond Discount for the Fiscal Year Ended June 30:										(12) Total Unamortized Bond Discount *
(1) Description	(2) 2006	(3) 2007	(4) 2008	(5) 2009	(6) 2010	(7) 2011-2015	(8) 2016-2020	(9) 2021-2025	(10) 2026-2030	(11) 2031-2035	

TOTALS:

* - The amounts in this column should agree to the Balance at June 30, 2005, as recorded on Form 2 DS column 7.

Prepared By

Agency Telephone Number

Date

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING
LONG-TERM DEBT - SCHEDULE OF UNAMORTIZED BOND PREMIUM

BUSINESS AREA NAME:
BUSINESS AREA NUMBER:

Not Applicable ☐

	Total Unamortized Bond Premium for the Fiscal Year Ended June 30:										(12) Total Unamortized Bond Premium *
(1) Description	(2) 2006	(3) 2007	(4) 2008	(5) 2009	(6) 2010	(7) 2011-2015	(8) 2016-2020	(9) 2021-2025	(10) 2026-2030	(11) 2031-2035	

TOTALS:

* - The amounts in this column should agree to the Balance at June 30, 2005, as recorded on Form 2 DS column 11.

Prepared By

Agency Telephone Number

Date

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

LONG-TERM DEBT - SCHEDULE OF UNAMORTIZED BOND ISSUANCE COSTS

BUSINESS AREA NAME:
BUSINESS AREA NUMBER:

Not Applicable ☐

	Total Unamortized Bond Issuance Costs for the Fiscal Year Ended June 30:										(12) Total Unamortized Bond Issuance Costs*
(1) Description	(2) 2006	(3) 2007	(4) 2008	(5) 2009	(6) 2010	(7) 2011-2015	(8) 2016-2020	(9) 2021-2025	(10) 2026-2030	(11) 2031-2035	

TOTALS:

* - The amounts in this column should agree to the Balance at June 30, 2005, as recorded on Form 2 DS column 15.

Prepared By

Agency Telephone Number

Date

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

LONG-TERM DEBT - SCHEDULE OF UNAMORTIZED DEFERRED LOSS ON EARLY RETIREMENT

BUSINESS AREA NAME:

BUSINESS AREA NUMBER:

Not Applicable ☐

	Total Unamortized Loss on Refunding for the Fiscal Year Ended June 30:										(12) Total Unamortized Loss on Refunding*
(1) Description	(2) 2006	(3) 2007	(4) 2008	(5) 2009	(6) 2010	(7) 2011-2015	(8) 2016-2020	(9) 2021-2025	(10) 2026-2030	(11) 2031-2035	

TOTALS:

* - The amounts in this column should agree to the Balance at June 30, 2005, as recorded on Form 2 DS column 19.

Prepared By

Agency Telephone Number

Date

DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

For informational purposes, we are providing the following long-term debt period 13 journal entries:

- Use Period 13 entries to adjust long-term debt to proper June 30, 2005 balances for the modified-accrual basis of accounting into the proper fund using your appropriate cost center. Use AASIS transaction FB50 to make these entries.

- An example of when a closing book entry would be needed is if capital lease payments had inadvertently been recorded as a debit to rent expense and a credit to cash in treasury.

Debit account 5120001200 NBR Debt Service Principal
(For the principal portion of the payment)

Debit account 5120002100 NBR Debt Service Interest
(For the interest portion of the payment)

Credit account 5040012000 NBR Utilities and Rent
(For the total amount of the payment)

Do not make any adjustments to cash in bank or cash in treasury.
The proper way to record bond, note, and capital lease payments your agency makes **during the year** should be recorded as follows:

Debit account **5120001000** Debt Service Principal
(For the principal portion of the payment)

Debit account **5120002000** Debt Service Interest
(For the interest portion of the payment)

Credit one of the following accounts:

1100001000 Cash in Treasury

1100002000 Cash in Bank
(For the total amount of the payment)

- An example of when a closing entry would be needed is if bond or loan payments **had inadvertently been recorded as a debit to interest expense**.

Debit account **5120001200** NBR Debt Service Principal
Credit account **5120002100** NBR Debt Service Interest
 (For the principal portion of the payment)

NEW ISSUES:

Bonds with Discounts:

Debit account **Cash**

(For the amount of Bond Proceeds less Bond Discount)

Debit account **6030001400** Bond Discount/Premium

(For the total amount of Bond Discount)

Debit account **6030001200** Bond Issuance Costs

(For the total amount of Bond Issuance Costs)

Credit account **6040001000** Proceeds from Bonds

(For the total amount of the New Bonds)

Bonds with Premiums:

Debit account **Cash**

(For the amount of Bond Proceeds plus Bond Premium)

Debit account **6030001200** Bond Issuance Costs

(For the total amount of Bond Issuance Costs)

Credit account **6030001400** Bond Discount/Premium

(For the total amount of Bond Premium)

Credit account **6040001000** Proceeds from Bonds

(For the total amount of the New Bonds)

Notes and Loans:

Debit account **Cash**

(For the amount of Loans Proceeds)

Credit account **6030003000** Proceeds from Loans

(For the total amount of the New Loan)

REFUNDING BOND ISSUES:

Bonds with Discounts:

Debit account **6030001500** Payments to refunding escrow Agent

(For the amount of the old Bonds or amount paid to the refunding escrow Agent)

Debit account **Cash**

(For the remainder of funds)

Debit account **6030001400** Bond Discount/Premium

(For the total amount of Bond Discount)

Debit account **6030001200** Bond Issuance Costs

(For the total amount of Bond Issuance Costs)

Credit account **6040001000** Proceeds from Bonds

(For the total amount of the new Bonds)

Bonds with Premiums:

Debit account **6030001500** Payments to refunding escrow Agent
(For the amount of the old Bonds or amount paid to the refunding escrow Agent)

Debit account **Cash**
(For the remainder of funds)

Debit account **6030001200** Bond Issuance Costs
(For the total amount of Bond Issuance Costs)

Credit account **6030001400** Bond Discount/Premium
(For the total amount of Bond Premium)

Credit account **6040001000** Proceeds from Bonds
(For the total amount of the new Bonds)

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING

YEAR-END DEBT CLOSING PACKAGE
PERIOD 15 LONG TERM DEBT JOURNAL ENTRIES
FISCAL YEAR ENDED: JUNE 30, 2005

For informational purposes, we are providing the following long-term debt period 15 journal entries:

- Use period 15 to record entries to adjust accounts to full-accrual per GASB 34.
- These entries should be entered into the full-accrual Fund (7006101).
- This fund is shared by all agencies.
- Each agency has a cost center assigned to this fund. If you need your agency's period 15 cost center, contact your CAFR liaison.

ALL BOND ISSUES:

Reclassification of Long-term debt:

- Principal payments need to be reclassified as a reduction of the liability.
- Principal payments due on all loans and capital leases in the next year need to be reclassified as current.

Make the following entry to reclassify debt service Principal payments for GASB 34 purposes in period 15 in Fund 7006101:

Loans and Notes:

Debit account 2150001000	Loans and Notes Payable
Credit account 5120001200	NBR Debt Service Principal
(For the principal payments)	

And

Debit account 2220001000	Non-Current Loans and Notes Payable
Credit account 2150001000	Loans and Notes Payable
(For the current portion of long-term debt)	

Capital Leases:

Debit account 2114001000	Capital Lease Payable
Credit account 5120001200	NBR Debt Service Principal
(For the principal payments)	

And

Debit account 2220005000	Non-Current Capital Lease Payable
Credit account 2114001000	Capital Lease Payable
(For the current portion of long-term debt)	

Bonds:

Debit account 2150002000	Bonds Payable
Credit account 5120001200	NBR Debt Service Principal
(For the principal payments)	

And

Debit account 2220002000	Non-Current Bonds Payable
Credit account 2150002000	Bonds Payable
(For the current portion of long-term debt)	

Accrual of Interest: (If applicable) (For example, the monthly principal and interest payment is due on the 15th of each month. Interest for the period covering June 16 thru June 30 would need to be accrued as of year-end.)

Debit account 5120002100	NBR Debt Service – Interest
Credit account 2140001000	Deferred Interest Liability
(For the Interest accrual as of 6/30)	

NEW BOND ISSUES:

Initial Bond Entry Reclassification:

Debit account 6040001000	Proceeds from Bonds
(For the total amount of the Bonds)	
Credit account 2150002000	Bonds Payable
(For the current amount of the Bonds)	
Credit account 2220002000	N/C Bonds Payable
(For the non-current amount of the Bonds)	

And

Bonds with Discounts Reclassification:

Debit account 2150002100	Unamortized Bond Discount Current
(For the current amount of the Bond Discount)	
Debit account 2220002100	N/C Unamortized Bond Discount
(For the non-current amount of the Bond Discount)	
Credit account 6030001400	Bond Discount/Premium
(For the total amount of Bond Discount)	

Or

Bonds with Premiums Reclassification:

Debit account 6030001400	Bond Discount/Premium
(For the total amount of Bond Premium)	
Credit account 2150002200	Unamortized Bond Premium Current
(For the current amount of the Bond Premium)	
Credit account 2220002300	N/C Unamortized Bond Premium
(For the non-current amount of the Bond Premium)	

And

Bonds Issuance Costs Reclassification:

Debit account 1190005000	Unamortized Bond Issuance Costs Current
(For the current amount of the Bond Issuance Costs)	
Debit account 1210000600	Unamortized Bond Issuance Costs LT
(For the non-current amount of the Bond Issuance Costs)	
Credit account 6030001200	Bond Issuance Costs
(For the total amount of Bond Issuance Costs)	

NEW LOAN ISSUES:

Initial Notes and Loans Reclassification:

Debit account 6030003000	Proceeds from Loans
(For the total amount of the New Loan)	
Credit account 2150001000	Loans and Notes Payable
(For the current amount of the New Loan)	
Credit account 2220001000	Non-Current Loans and Notes Payable
(For the non-current amount of the New Loan)	

REFUNDING BOND ISSUES:

Initial Bond Entry Reclassification:

Debit account 6040001000	Proceeds from Bonds
(For the total amount of the Bonds)	
Credit account 2150002000	Bonds Payable
(For the current amount of the Bonds)	
Credit account 2220002000	N/C Bonds Payable
(For the non-current amount of the Bonds)	

And

Debit account 2150002000	Bonds Payable
Debit account 2220002000	N/C Bonds Payable
Credit account 6030001500	Payments to Refunding Escrow Agent
(For the total amount of the old Bonds being refunded)	

And

Bonds with Discounts Reclassification:

Debit account 2150002100	Unamortized Bond Discount Current
(For the current amount of the Bond Discount)	
Debit account 2220002100	N/C Unamortized Bond Discount
(For the non-current amount of the Bond Discount)	
Credit account 6030001400	Bond Discount/Premium
(For the total amount of Bond Discount)	

Or

Bonds with Premiums Reclassification:

Debit account 6030001400	Bond Discount/Premium
(For the total amount of Bond Premium)	
Credit account 2150002200	Unamortized Bond Premium Current
(For the current amount of the Bond Premium)	
Credit account 2220002300	N/C Unamortized Bond Premium
(For the non-current amount of the Bond Premium)	

And

Bonds Issuance Costs Reclassification:

Debit account 1190005000	Unamortized Bond Issuance Costs Current
(For the current amount of the Bond Issuance Costs)	
Debit account 1210000600	Unamortized Bond Issuance Costs LT
(For the non-current amount of the Bond Issuance Costs)	
Credit account 6030001200	Bond Issuance Costs
(For the total amount of Bond Issuance Costs)	

And

Bonds with Deferred Loss on Early Retirement Reclassification: (If Applicable)

Debit account 2220002000	N/C Bonds Payable
(For the total amount of the old Bonds being refunded)	
Debit account 2220002200	Deferred Loss on Early Retirement
(For the amount deferred)	
Credit account 6030001500	Payments to Refunding Escrow Agent
(For the total amount of the old Bonds plus amount deferred)	

Amortization of discount, premium, Issuance Costs or deferred loss on refunding:

Make the following entry to amortize discount, premium, Issuance Costs and deferred loss on refunding **in period 15** in Fund 7006101:

Discount:

Debit account 5120002100	NBR Debt Service - Interest
Credit account 2150002100	Unamortized Bond Discount Current
(For the current fiscal years amortization amount)	

And

Debit account 2150002100	Unamortized Bond Discount Current
Credit account 2220002100	N/C Unamortized Bond Discount
(To record current due as of 6/30)	

Premium:

Debit account 2150002200	Unamortized Bond Premium Current
Credit account 5120002100	NBR Debt Service - Interest
(For the current fiscal years amortization amount)	

And

Debit account 2220002300	N/C Unamortized Bond Premium
Credit account 2150002200	Unamortized Bond Premium Current
(To record current due as of 6/30)	

Issuance Costs:

Debit account 5120002300	NBR Debt Service – Issuance Costs
Credit account 1190005000	Unamortized Bond Issuance Costs Current
(For the current fiscal years amortization amount)	

And

Debit account 1190005000	Unamortized Bond Issuance Costs Current
Credit account 1210000600	Unamortized Bond Issuance Costs LT
(To record current due as of 6/30)	

Deferred Loss on Refunding: (If Applicable)

Debit account 5120002100	NBR Debt Service - Interest
Credit account 2220002200	Deferred Loss on Early Retirement
(For the current fiscal years amortization amount)	

NOTE: PLEASE COPY THIS LETTER ONTO YOUR AGENCY LETTERHEAD

Division of Legislative Audit Little Rock, Arkansas

We are responsible for the fair presentation of our agency's financial information in AASIS and the Year-End Disclosure Package. We have entered all transactions into AASIS or have provided financial statements. Our general ledger is maintained on the accrual basis of accounting. We have completed all applicable closing forms and supporting data. We have documents on file which support all of the financial information submitted in the Year-End Disclosure Package. Such records and other information you request, if any, will be made available during the course of your audit. Management is responsible for compliance with the laws and regulations applicable to it. We are also responsible for establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

In connection with the preparation of the fiscal year 2005 Year-End Disclosure Package and the AASIS trial balance or provided financial statements, we confirm, to the best of our knowledge and belief, the following:

1. We understand that, as is customary, your audit will be made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States, and accordingly, will include such tests of the accounting records and such other auditing procedures as you consider necessary in the circumstances for the purpose of rendering opinions on the financial statements. We also understand that such an audit will not necessarily disclose all instances of fraud should there be any.
2. We are responsible for the fair presentation, in conformity with generally accepted accounting principles, of those amounts necessary to adjust or to properly reflect the agency's budgetary basis financial results in accordance with GAAP. We have properly reported on a GAAP basis any and all trust, agency, or exempt cash accounts in AASIS.
3. At the conclusion of the audit, we will have made available to you all records and related data for all financial transactions of the agency and for all funds administered by the agency. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the agency, and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
4. There have been no:
 - a. Actions taken by management which contravene the provisions of federal laws and Arkansas laws and regulations, or of contracts and grants to the State of Arkansas that would result in an accrual of a liability or that should be disclosed in the financial statements.
 - b. Instances of fraud involving management or employees who have significant roles in the internal control.
 - c. Communications from other governmental or regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, requirements related to the administration of federal grant programs, or other matters that could have a material effect on the financial statements.
5. There have been no violations of the covenants of debt instruments.
6. The agency has no plans or intentions that affect the carrying value or classification of assets and liabilities.
7. The following, to the extent applicable, have been properly recorded and disclosed in the Year-End Disclosure Package:
 - a. Related party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral).
 - b. Arrangements involving restrictions on cash balances.

- c. Deposits and investments with significant individual or group credit risk, concentration of credit risk, interest rate risk or foreign currency risk.
 - d. All laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on the determination of financial statement amounts.
 - e. Impaired loans receivable.
 - f. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.
 - g. Interfunded transactions, including repayment terms.
 - h. Contingent assets or liabilities.
8. We have disclosed in the Year-End Disclosure Package adequate information to properly determine the amounts for any reservations of fund balances and restrictions of net assets.
9. There are no:
- a. Violations or possible violations of laws and regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5, Accounting for Contingencies.
 - d. Agreements to repurchase assets previously sold.
 - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - f. Environmental Protection Agency regulations or requirements or environmental liabilities that have not been considered in determining the amount of liabilities to be recorded or contingency to be disclosed.
 - g. Guarantees, whether written or oral, under which the agency is contingently liable.
 - h. Deposits or investments with significant individual or group credit risk, concentration of credit risk, interest rate risk or foreign currency risk.
 - i. Instances of noncompliance with specific legal or contractual provisions significant to individual or a group of deposits or investments.
 - j. Conditions or events that will prevent the agency from continuing operations through Fiscal Year 2006.
10. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
11. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
- a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.

12. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
13. No division of the agency has reported a material instance of noncompliance to us.
14. There are no significant deficiencies in the design or operation of internal controls which could adversely affect the agency's ability to record, process, summarize and report financial data and we have identified all material weaknesses in internal controls. We interpret "significant deficiencies in the design or operation of internal controls" to be consistent with the concept of a "reportable condition," defined under standards established by the American Institute of Certified Public Accountants. Such standards define a "reportable condition" as a significant deficiency in the design or operation of internal control that could adversely affect the entity's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. We understand that the term "material weakness in internal control" is a reportable condition for which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that could be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.
15. There are no transactions that have not been properly recorded in our closing forms.
16. Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated. The agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
17. Interfund, internal and intra-agency activity and balances have been appropriately classified and reported.
18. We have identified and properly accounted for all nonexchange transactions.
19. We have disclosed all contracts or other agreements with the agency's service organizations.
20. (Employee Benefits Division and Department of Human Services only) We have disclosed all communications from the agency's third-party service organization(s) relating to noncompliance with the agency's operations at that service organization(s).
21. (Worker's Compensation only) We agree with the work of specialists in evaluating the worker's compensation liability and have adequately considered the qualifications of the specialist in determining amounts and disclosures used in the Year-End Disclosure Package and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the specialists.
22. (Employee Benefits Division only) We agree with the work of specialists in evaluating the public employee health insurance liability and have adequately considered the qualifications of the specialist in determining amounts and disclosures used in the Year-End Disclosure Package and underlying accounting records. We did not give any instructions, nor cause any instructions to be given to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the specialists.
23. (Arkansas Public Employees Retirement System, Arkansas Judicial Retirement System, Arkansas State Police Retirement System, Teacher Retirement System and Arkansas State Highway Employees Retirement System only) We agree with the work of specialists in evaluating the actuarial accrued liability and have adequately considered the qualifications of the specialist in determining amounts and disclosures used in the Year-End Disclosure Package and underlying accounting records. We did not give any instructions, nor cause any instructions to be given to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the specialists.
24. In preparing the Year-End Disclosure Package amounts necessary to adjust or properly reflect the agency's budgetary basis financial results in conformity with accounting principles generally accepted in the United States of America, management uses estimates. We have disclosed in the Year-end Disclosure Package all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

25. We are responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables and accounts receivable, as well as estimates used to determine such amounts. We believe the allowance is adequate to absorb currently estimated bad debts in the account balances.
26. Using our best estimates based on reasonable and supportable assumptions and projections, we review for impairment our long-lived assets and certain identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable.
27. The agency's investment portfolio at June 30, 2005, does not include any off-balance sheet derivative financial instruments (e.g. futures, options, swaps), including outstanding commitments to purchase or sell securities under forward placement and standby arrangements.
28. We have identified and made the appropriate disclosures for all derivative instruments not reported at fair value in the financial statements in accordance with GASB Technical Bulletin 03-1, Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets.
29. There are no material environmental remediation liabilities.
30. No events have occurred subsequent to June 30, 2005, that require consideration as adjustments to, or disclosures in, the financial statements.
31. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the Year-End Disclosure Package:
 - a. The concentration exists at the date of the financial statements.
 - b. The concentration makes the agency vulnerable to the risk of a near-term severe impact.
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
32. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of the agency and do not include any items consigned to it, any items billed to customers, or any items for which the liability has not been recorded.
33. The agency has disclosed whether, subsequent to June 30, 2005, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by the agency with regard to reportable conditions, including material weaknesses, have occurred.
34. In estimating fair values of certain assets and liabilities, such as investments in real estate and other investments for which readily available market values do not exist, we believe that the market assumptions used were the most appropriate in the circumstances.
35. In accordance with Government Auditing Standards, we have identified to you the significant findings and recommendations from previous financial audits, attestation engagements, performance audits, federal compliance audits or reviews, or other studies related to the objectives of this audit and have accurately communicated to you the related corrective actions taken to address the findings.
36. We are responsible for the identification of and compliance with all aspects of laws, regulations, contracts, or grants that could have a material effect on the basic financial statement amounts or on the administration of federal programs in the event of noncompliance including legal and contractual provisions for reporting specific activities in separate funds and has disclosed those aspects of laws, regulations, contracts, or grants to you.
37. We have complied, in all material respects, with applicable laws, regulations, contracts and grants that could have a material effect on the basic financial statements in the event of noncompliance.

Agency Director

Agency Chief Accounting Officer

NOTE: If there are issues requiring disclosure regarding assertions above, please insert "except as described below" and provide relevant information and supporting information. If your agency has environmental remediation liabilities substitute the following in item **29**: "Provision has been made for any material loss that is probable from environmental remediation liabilities associated with (*insert name of site*). We believe that such estimate is reasonable based on available information and that the liabilities and related loss contingencies and the expected outcome of uncertainties have been adequately disclosed in the agency's Year-end Disclosure Package."